

S.138

An act relating to promoting economic development.

A. General Commerce

* * * Facilitating Business Rapid Response to Declared State Disasters * * *

Sec. A.1. 11 V.S.A. chapter 16 is added to read:

CHAPTER 16. BUSINESS RAPID RESPONSE TO
DECLARED STATE DISASTERS

§ 1701. DEFINITIONS

In this chapter:

(1) "Critical infrastructure" means property and equipment owned or used by communications networks and electric generation, transmission, and distribution systems.

(2)(A) "Declared State disaster or emergency" means:

(i) a disaster or emergency event for which a Governor's state of emergency proclamation has been issued;

(ii) a disaster or emergency event for which a Presidential declaration of a federal major disaster or emergency has been issued; or

(iii) a disaster or emergency event within the State for which a good faith response effort is required, and for which the Commissioner of Public Service is given notification from the registered business and the Commissioner, in consultation with the Director of Emergency Management, Department of Public Safety, designates the event as a disaster or emergency, thereby invoking the provisions of this chapter.

(B) "Declared State disaster or emergency" does not include an emergency or situation arising solely from a labor dispute.

(3) "Disaster response period" means a period that begins ten days prior to the first day of the Governor's proclamation, the President's declaration, or designation by another authorized official of the State as set forth in this chapter, whichever occurs first, and that extends 60 calendar days after the declared State disaster or emergency.

(4) "Disaster- or emergency-related work" means repairing, renovating, installing, building, rendering services, or other nonretail business activities in areas of the State affected by the declared State disaster or emergency that relate to critical infrastructure that has been damaged, impaired, or destroyed by the declared State disaster or emergency.

(5) "Mutual Assistance Agreement" means an agreement to which one or more registered businesses and one or more out-of-state businesses are party and pursuant to which an electric or telephone utility may request and receive assistance from an out-of-state business for performance of disaster- or emergency-related work by the out-of-state business during the disaster response period.

(6)(A) "Out-of-state business" means a business entity that, except for disaster- or emergency-related work, has no presence in the State and conducts no business in

1 the State whose services are requested pursuant to a Mutual Assistance Agreement by
2 a registered business or by a State or local government for purposes of performing
3 disaster- or emergency-related work on critical infrastructure in the State.

4 (B) "Out-of-state business" also includes a business entity that is affiliated
5 with a registered business in the State solely through common ownership.

6 (C) An out-of-state business has no registrations or tax filings or nexus in
7 the State other than disaster- or emergency-related work during the tax year
8 immediately preceding the declared State disaster or emergency.

9 (7) "Out-of-state employee" means an employee who does not work in the
10 State, except for disaster- or emergency-related work during the disaster response
11 period.

12 (8) "Registered business in the State" or "registered business" means a
13 business entity that is currently registered with the Secretary of State to do business in
14 the State prior to the declared State disaster or emergency.

15 § 1702. OBLIGATIONS AFTER DISASTER RESPONSE PERIOD

16 (a) Business and employee status during the disaster response period.

17 (1)(A) An out-of-state business that conducts operations within the State for
18 purposes of performing work or services related to a declared State disaster or
19 emergency during the disaster response period shall not be considered to have
20 established a level of presence that would require that business to register, file, or
21 remit State or local taxes or that would require that business or its out-of-state
22 employees to be subject to any State licensing or registration requirements.

23 (B) This includes any State or local business licensing or registration
24 requirements or State and local taxes or fees, including unemployment insurance,
25 State or local occupational licensing fees, ad valorem tax on equipment brought into
26 the State temporarily for use during the disaster response period and subsequently
27 removed from the State, and Public Service Board or Secretary of State licensing and
28 regulatory requirements.

29 (C) For purposes of any State or local tax on or measured by, in whole or in
30 part, net or gross income or receipts, all activity of the out-of-state business that is
31 conducted in this State pursuant to this chapter shall be disregarded with respect to
32 any filing requirements for such tax, including the filing required for a unitary or
33 combined group of which the out-of-state business may be a part.

34 (D) For the purpose of apportioning income, revenue, or receipts, the
35 performance by an out-of-state business of any work in accordance with this section
36 shall not be sourced to or shall not otherwise impact or increase the amount of
37 income, revenue, or receipts apportioned to this State.

38 (2)(A) An out-of-state employee shall not be considered to have established
39 residency or a presence in the State that would require that person or that person's
40 employer to file and pay income taxes or to be subjected to tax withholdings or to file
41 and pay any other State or local tax or fee during the disaster response period.

1 (B) This includes any related State or local employer withholding and
2 remittance obligations, but does not include any transaction taxes or fees as described
3 in subsection (b) of this section.

4 (b) Transaction taxes and fees. An out-of-state business and an out-of-state
5 employee shall be required to pay transaction taxes and fees, including fuel tax and
6 sales and use tax on materials or services consumed or used in the State subject to
7 sales and use tax, rooms and meals tax, car rental taxes or fees that the out-of-state
8 affiliated business or out-of-state employee purchases for use or consumption in the
9 State during the disaster response period, unless such taxes are otherwise exempted
10 during a disaster response period. An out-of-state business making retail sales of
11 tangible personal property during the disaster response period shall be subject to all
12 sales tax registration, collection, reporting, and other requirements set forth in 32
13 V.S.A. chapter 233.

14 (c) Business or employee activity after disaster response period. An out-of-state
15 business or out-of-state employee that remains in the State after the disaster response
16 period will become subject to the State's normal standards for establishing presence,
17 residency, or doing business in the State and will therefore become responsible for
18 any business or employee tax requirements that ensue.

19 § 1703. ADMINISTRATION

20 (a) Notification of out-of-state business during the disaster response period.

21 (1) The out-of-state business that enters the State shall, upon request, provide
22 to the Secretary of State a statement that it is in the State for purposes of responding to
23 the disaster or emergency, which statement shall include the business's name, state of
24 domicile, principal business address, federal tax identification number, date of entry,
25 and contact information.

26 (2) A registered business in the State shall, upon request, provide the
27 information required in subdivision (1) of this subsection for any affiliate that enters
28 the State that is an out-of-state business.

29 (3) The notification shall also include contact information for the registered
30 business in the State.

31 (b) Notification of intent to remain in State. An out-of-state business or an out-of-
32 state employee that remains in the State after the disaster response period shall
33 complete State and local registration, licensing, and filing requirements that ensue as a
34 result of establishing the requisite business presence or residency in the State
35 applicable under the existing law.

36 (c) Procedures. The Secretary of State may adopt necessary rules, develop and
37 issue forms or online processes, and maintain and make available an annual record of
38 any designations pursuant to this chapter to carry out these administrative procedures.

39 *** Gun Suppressors ***

40 ~~Sec. A.2.A. 13 V.S.A. § 4010 is amended to read:~~

41 ~~§ 4010. GUN SILENCERS SUPPRESSORS~~

42 ~~A person who manufactures, sells, uses, or possesses with intent to sell or use an~~
43 ~~appliance known as or used for a gun silencer shall be fined \$25.00 for each offense.~~

1 ~~The provisions of this section shall not prevent the use or possession of gun silencers~~
2 ~~by:~~

3 ~~(1) a Level III certified law enforcement officer or Department of Fish and~~
4 ~~Wildlife employee in connection with his or her duties and responsibilities and in~~
5 ~~accordance with the policies and procedures of that officer's or employee's agency or~~
6 ~~department; or~~

7 ~~(2) the Vermont National Guard in connection with its duties and~~
8 ~~responsibilities.~~

9 ~~(a) As used in this section, "gun suppressor" means any device for silencing,~~
10 ~~muffling, or diminishing the report of a portable firearm, including any combination~~
11 ~~of parts, designed or redesigned, and intended for use in assembling or fabricating a~~
12 ~~gun suppressor, and any part intended only for use in such assembly or fabrication.~~

13 ~~(b)(1) Except as provided in subsection (c) of this section, a person shall not~~
14 ~~manufacture, make, or import a gun suppressor.~~

15 ~~(2) A person who violates subdivision (1) of this subsection shall be fined not~~
16 ~~less than \$500.00.~~

17 ~~(c) Subsection (b) of this section shall not apply to:~~

18 ~~(1) a licensed manufacturer, as defined in 18 U.S.C. § 921, who is registered as~~
19 ~~a manufacturer pursuant to 26 U.S.C. § 5802;~~

20 ~~(2) a licensed importer, as defined in 18 U.S.C. § 921, who is registered as an~~
21 ~~importer pursuant to 26 U.S.C. § 5802; or~~

22 ~~(3) a person who makes a gun suppressor in compliance with the requirements~~
23 ~~of 26 U.S.C. § 5822.~~

24 ~~Sec. A.2.B. 10 V.S.A. § 4704 is amended to read:~~

25 ~~§ 4704. USE OF MACHINE GUNS AND AUTOLOADING RIFLES, AND~~
26 ~~GUN SUPPRESSORS~~

27 ~~(a) A person engaged in hunting for wild animals shall not use, carry, or have in~~
28 ~~his or her possession:~~

29 ~~(1) a machine gun of any kind or description or;~~

30 ~~(2) an autoloading rifle with a magazine capacity of over six cartridges, except~~
31 ~~a .22 caliber rifle using rim fire cartridges; or~~

32 ~~(3) a gun suppressor.~~

33 ~~(b) As used in this section, "gun suppressor" means any device for silencing,~~
34 ~~muffling, or diminishing the report of a portable firearm, including any combination~~
35 ~~of parts, designed or redesigned, and intended for use in assembling or fabricating a~~
36 ~~gun suppressor, and any part intended only for use in such assembly or fabrication.~~

37 ~~Sec. A.2.C. 10 V.S.A. § 4502 is amended to read:~~

38 ~~§ 4502. UNIFORM POINT SYSTEM; REVOCATION OF LICENSE~~

39 ~~(a) A uniform point system which assigns points to those convicted of a violation~~
40 ~~of a provision of this part is established. The conviction report from the court Court~~
41 ~~shall be prima facie evidence of the points assessed. In addition to other penalties~~
42 ~~assessed for violation of fish and wildlife statutes, the Commissioner shall suspend~~

1 ~~licenses issued under this part which are held by a person who has accumulated ten or~~
2 ~~more points in accordance with the provisions of subsection (c) of this section.~~

3 ~~(b) A person violating provisions of this part shall receive points for convictions~~
4 ~~in accordance with the following schedule (all sections are in Title 10 of Vermont~~
5 ~~Statutes Annotated):~~

6 * * *

7 ~~(2) Ten points shall be assessed for:~~

8 * * *

9 ~~(G) § 4704. Use of machine guns and autoloading rifles, and gun~~
10 ~~suppressors~~

11 * * *

12 Sec. A.2. 13 V.S.A. § 4010 is amended to read:

13 § 4010. GUN SILENCERS SUPPRESSORS

14 (a) Except as otherwise provided in subsection (b) of this section, a person who
15 manufactures, sells, uses, or possesses with intent to sell or use an appliance known as
16 or used for a gun silencer suppressor shall be fined \$25.00 for each offense. The
17 provisions of this section shall not prevent the use or possession of gun silencers
18 suppressors by:

19 * * *

20 (b) Subsection (a) of this section shall not apply to a licensed manufacturer or a
21 licensed importer, as defined in 18 U.S.C. § 921, who is also registered as a
22 manufacturer or an importer pursuant to 26 U.S.C. § 5802, who in the ordinary course
23 of his or her business as a manufacturer or as an importer, manufactures, sells, uses, or
24 possesses with intent to sell or use, an appliance known as or used for a gun
25 suppressor.

26 * * * Blockchain Technology * * *

27 Sec. A.3. STUDY AND REPORT; BLOCKCHAIN TECHNOLOGY

28 (a) On or before January 15, 2016, the Secretary of State, the Commissioner of
29 Financial Regulation, and the Attorney General shall consult with one or more
30 Vermont delegates to the National Conference of Commissioners on Uniform State
31 Laws and with the Center for Legal Innovation at Vermont Law School, and together
32 shall submit a report to the General Assembly their finding and recommendations on
33 the potential opportunities and risks of creating a presumption of validity for
34 electronic facts and records that employ blockchain technology and addressing any
35 unresolved regulatory issues.

36 (b) Each participating Vermont delegate to the National Conference of
37 Commissioners on Uniform State Laws and each participating representative of the
38 Center for Legal Innovation at Vermont Law School who is not also an employee of
39 the State of Vermont and who is not otherwise compensated or reimbursed for his or
40 her time shall be entitled to per diem compensation pursuant to 32 V.S.A. § 1010(b).

* * * Fortified Wines * * *

Sec. A.4. 7 V.S.A. § 2 is amended to read:

§ 2. DEFINITIONS

The following words as used in this title, unless a contrary meaning is required by the context, shall have the following meaning:

* * *

(15) “Manufacturer’s or rectifier’s license”: a license granted by the Liquor Control Board that permits the holder to manufacture or rectify ~~spirituous liquors~~ spirits or fortified wines for export and sale to the Liquor Control Board, or malt beverages and vinous beverages for export and sale to bottlers or wholesale dealers. This license permits a manufacturer of vinous beverages or fortified wines to receive from another manufacturer licensed in or outside this ~~state~~ State bulk shipments of vinous beverages to rectify with the licensee’s own product, provided that the vinous beverages or fortified wines produced by a Vermont manufacturer may contain no more than 25 percent imported vinous beverage. The Liquor Control Board may grant to a licensed manufacturer or rectifier a first-class restaurant or cabaret license or first- and third-class restaurant or cabaret license permitting the licensee to sell alcoholic beverages to the public only at the manufacturer’s premises, which, for the purposes of a manufacturer of malt beverages, includes up to two licensed establishments that are located on the contiguous real estate of the holder of the manufacturer’s license, provided the manufacturer owns or has direct control over those establishments. A manufacturer of malt beverages who also holds a first-class restaurant or cabaret license may serve to a customer malt beverage by the glass, not to exceed eight glasses at one time and not to exceed four ounces in each glass. The Liquor Control Board may grant to a licensed manufacturer or a rectifier of malt beverages a second-class license permitting the licensee to sell alcoholic beverages to the public anywhere on the manufacturer’s or rectifier’s premises. A licensed manufacturer or rectifier of vinous beverages may serve, with or without charge, at an event held on premises of the licensee or the vineyard property, spirits and vinous beverages and malt beverages, provided the licensee gives the Department written notice of the event, including details required by the Department, at least five days before the event. Any beverages not manufactured by the licensee and served at the event shall be purchased on invoice from a licensed manufacturer or wholesale dealer or the Liquor Control Board.

* * *

(19) “Second-class license”: a license granted by the control commissioners permitting the licensee to export malt or vinous beverages and to sell malt beverages or vinous beverages to the public for consumption off the premises for which the license is granted. The Liquor Control Board may grant a second-class licensee a fortified wine permit that permits the licensee to export and to sell fortified wines to the public for consumption off the licensed premises.

(20) “Spirits” or “spirituous liquors”: beverages that contain more than one percent of alcohol obtained by distillation, by chemical synthesis, or through

1 concentration by freezing; and vinous beverages containing more than ~~16~~ 23 percent
2 of alcohol; and ~~all vermouths of any alcohol content~~; malt beverages containing more
3 than 16 percent of alcohol or more than six percent of alcohol if the terminal specific
4 gravity thereof is less than 1.009; in each case measured by volume at 60 degrees
5 Fahrenheit.

6 * * *

7 (22) "Third-class license": a license granted by the Liquor Control Board
8 permitting the licensee to sell ~~spirituous liquors~~ spirits and fortified wines for
9 consumption only on the premises for which the license is granted.

10 (23) "Vinous beverages": all fermented beverages of any name or description
11 manufactured or obtained for sale from the natural sugar content of fruits; or other
12 agricultural product, containing sugar, the alcoholic content of which is not less than
13 one percent nor more than 16 percent by volume at 60 degrees Fahrenheit, ~~except that~~
14 ~~all vermouths shall be purchased and retailed by and through the Liquor Control~~
15 ~~Board as authorized in chapters 5 and 7 of this title.~~

16 * * *

17 (27) "Special events permit": a permit granted by the Liquor Control Board
18 permitting a person holding a manufacturer's or rectifier's license to sell by the glass
19 or by unopened bottle spirits, fortified wines, malt beverages, or vinous beverages
20 manufactured or rectified by the license holder at an event open to the public that has
21 been approved by the local licensing authority. For the purposes of tasting only, the
22 permit holder may distribute, with or without charge, beverages manufactured by the
23 permit holder by the glass no more than two ounces per product and eight ounces total
24 of malt beverages or vinous beverages and no more than one ounce in total of spirits
25 or fortified wines to each individual. No more than ~~36~~ 104 special events permits may
26 be issued to a holder of a manufacturer's or rectifier's license during a year. A special
27 event permit shall be valid for the duration of each public event or four days,
28 whichever is shorter. Requests for a special events permit, accompanied by the fee as
29 required by subdivision 231(13) of this title, shall be submitted to the Department of
30 Liquor Control at least five days prior to the date of the event. Each manufacturer or
31 rectifier planning to attend a single special event under this permit may be listed on a
32 single permit. However, each attendance at a special event shall count toward the
33 manufacturer's or rectifier's ~~36~~ 104 special-event-permit limitation.

34 (28) "Fourth-class license" or "farmers' market license": the license granted
35 by the Liquor Control Board permitting a manufacturer or rectifier of malt ~~or~~
36 beverages, vinous beverages, fortified wines, or spirits to sell by the unopened
37 container and distribute, by the glass, with or without charge, beverages manufactured
38 by the licensee. No more than a combined total of ten fourth-class and farmers'
39 market licenses may be granted to a licensed manufacturer or rectifier. At only one
40 fourth-class license location, a manufacturer or rectifier of vinous beverages, malt
41 beverages, fortified wines, or spirits may sell by the unopened container and distribute
42 by the glass, with or without charge, vinous beverages, malt beverages, fortified
43 wines, or spirits produced by no more than five additional manufacturers or rectifiers,

provided these beverages are purchased on invoice from the manufacturer or rectifier. A manufacturer or rectifier of vinous beverages, malt beverages, fortified wines, or spirits may sell its product to no more than five additional manufacturers or rectifiers. A fourth-class licensee may distribute by the glass no more than two ounces of malt beverages or vinous beverage with a total of eight ounces to each retail customer and no more than one-quarter ounce of spirits or fortified wine with a total of one ounce to each retail customer for consumption on the manufacturer's premises or at a farmers' market. A fourth class licensee may distribute by the glass up to four mixed drinks containing a combined total of no more than one ounce of spirits or fortified wine to each retail customer for consumption only on the manufacturer's premises. A farmers' market license is valid for all dates of operation for a specific farmers' market location.

* * *

(38) "Fortified wines": vinous beverages, including those to which spirits have been added during manufacture, containing at least 16 percent alcohol but no more than 23 percent alcohol by volume at 60 degrees Fahrenheit, and all vermouths containing no more than 23 percent alcohol by volume at 60 degrees Fahrenheit.

(39) "Public library or museum permit": a permit granted by the Liquor Control Board permitting a public library or museum to serve malt beverages or vinous beverages, or both, by the glass to the public for a period of not more than six hours during an event held for a charitable or educational purpose, provided that the event is approved by the local licensing authority. A permit holder may purchase malt beverages or vinous beverages directly from a licensed retailer. A permit holder shall be subject to the provisions of this title and the rules of the Board regarding the service of alcoholic beverages. A request for a permit shall be submitted to the Department in a form required by the Department at least five days prior to the event and shall be accompanied by the permit fee required by subdivision 231(a)(24) of this title. As used in this section, "public library" has the same meaning as in 22 V.S.A. § 101 and "museum" has the same meaning as in 27 V.S.A. § 1151.

Sec. A.5. 7 V.S.A. § 104 is amended to read:

§ 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

The Board shall have supervision and management of the sale of ~~spirituous liquors~~ spirits and fortified wines within the State in accordance with the provisions of this title, and through the Commissioner of Liquor Control shall:

* * *

Sec. A.6. 7 V.S.A. § 107 is amended to read:

§ 107. DUTIES OF COMMISSIONER OF LIQUOR CONTROL

~~The commissioner of liquor control~~ Commissioner of Liquor Control shall:

* * *

(2) Make regulations subject to the approval of the ~~board~~ Board governing the hours during which such agencies shall be open for the sale of ~~spirituous liquors, spirits and fortified wines~~ and governing the qualifications ~~and~~ and ~~deportment, and salaries of the agencies' employees therein and the salaries thereof.~~

(3) Make regulations subject to the approval of the ~~board~~ Board governing:

(A) the prices at which ~~spirituous liquors~~ spirits shall be sold ~~in such by~~
local agencies, and the method of for their delivery thereof, and the quantities of
~~spirituous liquors to spirits that may~~ be sold to any one person at any one time; and

(B) the minimum prices at which fortified wines shall be sold by local
agencies and second-class licensees that hold fortified wine permits, the method for
their delivery, and the quantities of fortified wines that may be sold to any one person
at any one time.

(4) Supervise the quantities and qualities of ~~spirituous liquor~~ spirits and
fortified wines to be kept as stock in ~~such local agency~~ agencies and make regulations
subject to the approval of the ~~board~~ Board regarding the filling of requisitions therefor
on the ~~commissioner of liquor control~~ Commissioner of Liquor Control.

(5) Purchase through the ~~commissioner of buildings and general services~~
~~spirituous liquors~~ Commissioner of Buildings and General Services spirits and
fortified wines for and in behalf of the ~~liquor control board~~ Liquor Control Board,
supervise the storage thereof and the distribution to local agencies, druggists ~~and,~~
licensees of the third class, ~~and holders of fortified wine permits,~~ and make
regulations subject to the approval of the ~~board~~ Board regarding the sale and delivery
from ~~such~~ the central storage plant.

* * *

Sec. A.7. 7 V.S.A. § 110 is amended to read:

§ 110. SPECIAL BRANDS; PURCHASE BY COMMISSIONER OF
LIQUOR CONTROL

If any person shall desire to purchase any class, variety, or brand of ~~spirituous~~
~~liquor~~ spirits or fortified wine which any local agency ~~or fortified wine permit holder~~
does not have in stock, the ~~commissioner of liquor control~~ Commissioner of Liquor
Control shall order the same through the ~~commissioner of buildings and general~~
~~services~~ Commissioner of Buildings and General Services upon the payment of a
reasonable deposit by the purchaser in such proportion of the approximate cost of the
order as shall be prescribed by the regulations of the ~~liquor control board~~ Liquor
Control Board.

Sec. A.8. 7 V.S.A. § 112 is amended as follows:

§ 112. LIQUOR CONTROL FUND

The ~~liquor control fund~~ Liquor Control Fund is hereby established. It shall consist
of all receipts from the sale of spirits, fortified wines, and other items by the
~~department of liquor control~~ Department of Liquor Control; fees paid to the
~~department of liquor control~~ Department of Liquor Control for the benefit of the
~~department~~ Department; all other amounts received by the ~~department of liquor~~
~~control~~ Department of Liquor Control for its benefit; and all amounts ~~which that~~ are
from time to time appropriated to the ~~department of liquor control~~ Department of
Liquor Control.

1 Sec. A.9. 7 V.S.A. § 222 is amended to read:

2 § 222. FIRST- AND SECOND-CLASS LICENSES, GRANTING OF; SALE
3 TO MINORS; CONTRACTING FOR FOOD SERVICE

4 With the approval of the Liquor Control Board, the control commissioners may
5 grant the following licenses to a retail dealer for the premises where the dealer carries
6 on business ~~the following~~:

7 * * *

8 (2) Upon making application ~~and~~, paying the license fee provided in section
9 231 of this title, and upon satisfying the Board that such premises are leased, rented,
10 or owned by the retail dealer and are a safe, sanitary, and proper place from which to
11 sell malt and vinous beverages, a second-class license ~~for the premises where such~~
12 ~~dealer shall carry on the business,~~ which shall authorize such dealer to export malt and
13 vinous beverages, and to sell malt and vinous beverages to the public from such
14 premises for consumption off the premises ~~and upon satisfying the Board that such~~
15 ~~premises are leased, rented, or owned by such retail dealers and are safe, sanitary, and~~
16 ~~a proper place from which to sell malt and vinous beverages.~~ A retail dealer carrying
17 on business in more than one place shall be required to acquire a second-class license
18 for each place where ~~he or she shall so sell~~ the retail dealer sells malt and vinous
19 beverages. No malt or vinous beverages shall be sold by a second-class licensee to a
20 minor.

21 * * *

22 (5)(A) The holder of a first-class license may serve a sampler flight of up to 32
23 ounces in the aggregate of malt beverages to a single customer at one time.

24 (B) The holder of a first-class license may serve a sampler flight of up to 12
25 ounces in the aggregate of vinous beverages to a single customer at one time.

26 (C) The holder of a third-class license may serve a sampler flight of up to
27 four ounces in the aggregate of ~~spirituous liquors~~ spirits or fortified wines to a single
28 customer at one time.

29 (6) The Liquor Control Board may grant a fortified wine permit to a
30 second-class licensee if the licensee files an application accompanied by the license
31 fee as provided in section 231 of this title. The holder of a fortified wine permit may
32 sell fortified wines to the public from the licensed premises for consumption off the
33 premises. The Liquor Control Board shall issue no more than 150 fortified wine
34 permits in any single year. The holder of a fortified wine permit shall purchase all
35 fortified wines to be offered for sale to the public pursuant to the permit through the
36 Liquor Control Board at a price equal to no more than 75 percent of the current retail
37 price for the fortified wine established by the Commissioner pursuant to subdivision
38 107(3)(B) of this title.

39 Sec. A.10. 7 V.S.A. § 224 is amended to read:

40 § 224. ~~THIRD-CLASS~~ THIRD-CLASS LICENSES; OPEN CONTAINERS

41 (a) ~~The liquor control board~~ Liquor Control Board may grant to a person who
42 operates a hotel, restaurant, cabaret, or club a license of the third class if the person
43 files an application accompanied by the license fee as provided in section 231 of this

1 title for the premises in which the business of the hotel, restaurant, cabaret, or club is
2 carried on. The holder of a ~~third-class~~ third-class license may sell ~~spirituous liquors~~
3 spirits and fortified wines for consumption only on the premises covered by the
4 license. The applicant for a ~~third-class~~ third-class license shall satisfy the ~~liquor~~
5 ~~control board~~ Liquor Control Board that the applicant is the bona fide owner or lessee
6 of the premises and that the premises are operated for the purpose covered by the
7 license.

8 * * *

9 (c) A person who holds a ~~third-class~~ third-class license shall purchase from the
10 ~~liquor control board~~ Liquor Control Board all ~~spirituous liquors~~ spirits and fortified
11 wines dispensed in accordance with the provisions of the ~~third-class~~ third-class license
12 and this title.

13 Sec. A.11. 7 V.S.A. § 225 is amended to read:

14 § 225. EDUCATIONAL SAMPLING EVENT PERMIT

15 (a) The ~~liquor control board~~ Liquor Control Board may grant an educational
16 sampling event permit to a person to conduct an event that is open to the public and at
17 which malt beverages, vinous beverages, fortified wines, or ~~spirituous liquors~~ spirits,
18 or all ~~three~~ four are served only for the purposes of marketing and educational
19 sampling, provided the event is also approved by the local licensing authority. At
20 least 15 days prior to the event, an applicant shall submit an application to the
21 ~~department~~ Department in a form required by the ~~department~~ Department. The
22 application shall include a list of the alcoholic beverages to be acquired for sampling
23 at the event, and the application shall be accompanied by a fee in the amount required
24 pursuant to section 231 of this title. No more than four educational sampling event
25 permits shall be issued annually to the same person. An educational sampling event
26 permit shall be valid for no more than four consecutive days. The permit holder shall
27 ~~assure~~ ensure all the following:

28 * * *

29 (b) An educational sampling event permit holder:

30 * * *

31 (2) May transport malt beverages, vinous beverages, fortified wines, and
32 ~~spirituous liquors~~ spirits to the event site, and those beverages may be served at the
33 event by the permit holder or the holder's employees, volunteers, or representatives of
34 a manufacturer, bottler, or importer participating in the event, provided they meet the
35 server age and training requirements under this chapter.

36 (3) ~~[Deleted.]~~ [Repealed.]

37 * * *

38 (d) Taxes for the alcoholic beverages served at the event shall be paid as follows:

39 * * *

40 (3) Spirituous liquors: \$19.80 per gallon served.

41 (4) Fortified wines: \$19.80 per gallon served.

42 Sec. A.12. 7 V.S.A. § 231 is amended to read:

43 § 231. FEES FOR LICENSES AND PERMITS; DISPOSITION OF FEES

(a) The following fees shall be paid:

* * *

(23) For a fortified wine permit, \$100.00.

(24) For a public library or museum permit, \$20.00.

* * *

Sec. A.13. 7 V.S.A. § 422 is amended to read:

§ 422. TAX ON ~~SPRITUOUS LIQUOR~~ SPIRITS AND FORTIFIED
WINES

(a) A tax is assessed on the gross revenue ~~on from the retail sale of spirituous liquor spirits and fortified wines~~ in the State of Vermont, ~~including fortified wine, sold by the Liquor Control Board, or sold by the retail sale of spirits and fortified wines in Vermont by a manufacturer or rectifier of spirituous liquor spirits or fortified wines,~~ in accordance with the provisions of this title. The tax shall be at the following rates based on the gross revenue of the retail sales by the seller in the current year:

(1) if the gross revenue of the seller is \$500,000.00 or lower, the rate of tax is five percent;

(2) if the gross revenue of the seller is between \$500,000.00 and \$750,000.00, the rate of tax is \$25,000.00 plus 10 percent of the gross revenues over \$500,000.00;

(3) if the gross revenue of the seller is ~~over~~ \$750,000.00 or more, the rate of tax is 25 percent.

* * *

Sec. A.14. STATUTORY REVISION

The Legislative Council, in its statutory revision capacity pursuant to 2 V.S.A. § 424, is authorized to correct instances of the words “spirituous liquors” and “spirits” appearing in Title 7 of the Vermont Statutes Annotated to “spirits and fortified wines” as necessary to implement the intent of the revisions to 7 V.S.A. § 2 in this act.

* * *

Sec. A.15. STUDY; REPORT

(a) On or before January 15, 2018, the Commissioner of Liquor Control, in consultation with the holders of second-class licenses and fortified wine permits, shall evaluate whether the number of fortified wine permits issued pursuant to 7 V.S.A. § 222 is sufficient, and how the issuance of fortified wine permits has affected the sales of fortified wines in Vermont and the variety of fortified wines available to Vermont consumers.

(b) The Commissioner of Liquor Control shall report to the House Committee on General, Housing and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs regarding his or her findings on or before January 15, 2018. The Commissioner’s report shall include a recommendation regarding the appropriate number of fortified wine permits to be issued pursuant to 7 V.S.A. § 222.

Sec. A.16. VERMONT LIQUOR CONTROL SYSTEM MODERNIZATION
STUDY COMMITTEE

1 (a) Creation. There is created a Vermont Liquor Control System Modernization
2 Study Committee to evaluate Vermont's liquor control system and the Department of
3 Liquor Control and determine whether and how the system and the Department can be
4 made more efficient, effective, and profitable for the Vermont economy while
5 protecting the public health and safety.

6 (b) Membership. The Commission shall be composed of the following seven
7 members:

8 (1) two current members of the House of Representatives, who shall be
9 appointed by the Speaker of the House;

10 (2) two current members of the Senate, who shall be appointed by the
11 Committee on Committees;

12 (3) the Chair of the Liquor Control Board or designee;

13 (4) the State Auditor or designee one member appointed by the Governor; and

14 (5) the Commissioner of Taxes or designee.

15 (c) Powers and duties. The Committee shall study and evaluate Vermont's liquor
16 control system and the Department of Liquor Control and determine whether and how
17 the system and the Department can be made more efficient, effective, and profitable
18 for the Vermont economy while protecting the public health and safety. In particular,
19 the Committee shall:

20 (1) examine and evaluate the governance and operation of the Department of
21 Liquor Control, including the manner in which it warehouses and distributes spirits
22 and fortified wines, in comparison with the governance and operation of liquor control
23 agencies in other states, and identify various measures by which the governance and
24 operation of the Department of Liquor Control could be made more efficient,
25 effective, and profitable for the Vermont economy while protecting the public health
26 and safety;

27 (2) examine and evaluate any changes to licensing, enforcement, education,
28 fees, and taxes related to the production, sale, warehousing, and distribution of
29 alcoholic beverages that would be necessary to implement the various measures
30 identified pursuant to subdivision (1) of this subsection;

31 (3) evaluate the impact of the various measures identified pursuant to
32 subdivision (1) of this subsection with respect to:

33 (A) public health and safety;

34 (B) the tax revenue and income generated by the Department;

35 (C) any savings in the cost of the services provided by the Department;

36 (D) any economic impact on the businesses licensed by the Department; and

37 (E) the price and availability of alcoholic beverages for consumers in
38 Vermont.

39 (4) examine and evaluate Vermont's regulatory system for the production, sale,
40 warehousing, and distribution of spirits and fortified wines in comparison with the
41 systems employed by other states, including systems in which spirits and fortified
42 wines are warehoused or distributed, or both, by private entities, public entities, or a
43 combination of private and public entities;

1 (5) identify various measures by which Vermont's regulatory system for the
2 production, sale, warehousing, and distribution of spirits and fortified wines could be
3 made more efficient, effective, and profitable for the Vermont economy while
4 protecting the public health and safety;

5 (6) examine and evaluate any changes to licensing, enforcement, education,
6 fees, and taxes related to the production, sale, warehousing, and distribution of
7 alcoholic beverages that would be necessary to implement the various measures
8 identified pursuant to subdivision (5) of this subsection; and

9 (7) evaluate the impact of the various measures identified pursuant to
10 subdivision (5) of this subsection with respect to:

11 (A) public health and safety;

12 (B) the tax revenue and income generated by the Department;

13 (C) any savings in the cost of the services provided by the Department;

14 (D) any economic impact on the businesses licensed by the Department; and

15 (E) the price and availability of alcoholic beverages for consumers in
16 Vermont.

17 (d) Assistance. The Committee shall have the administrative, technical, and legal
18 assistance of the Office of Legislative Council and the Joint Fiscal Office.

19 (e) Report. On or before December 15, 2015, the Committee shall submit a report
20 to the House Committees on Commerce and Economic Development; on General,
21 Housing and Military Affairs; and on Government Operations and the Senate
22 Committees on Economic Development, Housing and General Affairs and on
23 Government Operations with its findings and proposed changes to the Department of
24 Liquor Control and Vermont's liquor control system, as well as a recommendation for
25 any legislative action necessary to implement the changes proposed by the Committee.
26 The report of the Committee may take the form of draft legislation.

27 (f) Meetings.

28 (1) The Co-Chairs of the Committee shall call the first meeting of the
29 Committee to occur on or before July 30, 2015.

30 (2) A member from the House of Representatives designated by the Speaker of
31 the House and a member from the Senate designated by the Senate Committee on
32 Committees shall be the Co-Chairs of the Committee.

33 (3) A majority of the membership of the Committee shall constitute a quorum.

34 (4) The Committee shall cease to exist on January 15, 2016.

35 (g) Reimbursement. For attendance at meetings during adjournment of the
36 General Assembly, legislative members of the Committee shall be entitled to per diem
37 compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for no more
38 than six meetings.

B. Uniform Commercial Code

* * * Uniform Commercial Code; Article 4A * * *

Sec. B.1. 9A V.S.A. § 4A-108 is amended to read:

§ 4A-108. ~~EXCLUSION OF CONSUMER TRANSACTIONS~~
~~GOVERNED BY FEDERAL LAW~~ RELATIONSHIP TO
ELECTRONIC FUND TRANSFER ACT

(a) ~~This~~ Except as provided in subsection (b) of this section, this article does not apply to a funds transfer any part of which is governed by the Electronic Fund Transfer Act of 1978 (15 U.S.C. § 1693 et seq.) as amended from time to time.

(b) This article applies to a funds transfer that is a remittance transfer as defined in the Electronic Fund Transfer Act (15 U.S.C. § 1693o-1) as amended from time to time, unless the remittance transfer is an electronic fund transfer as defined in the Electronic Fund Transfer Act (15 U.S.C. § 1693a) as amended from time to time.

(c) In a funds transfer to which this article applies, in the event of an inconsistency between an applicable provision of this article and an applicable provision of the Electronic Fund Transfer Act, the provision of the Electronic Fund Transfer Act governs to the extent of the inconsistency.

* * * Uniform Commercial Code; Article 7 * * *

Sec. B.2. REPEAL

9A V.S.A. article 7 is repealed.

Sec. B.3. 9A V.S.A. article 7 is added to read:

ARTICLE 7. DOCUMENTS OF TITLE

Part 1. General

§ 7-101. SHORT TITLE

This article may be cited as Uniform Commercial Code-Documents of Title.

§ 7-102. DEFINITIONS AND INDEX OF DEFINITIONS

(a) In this article, unless the context otherwise requires:

(1) “Bailee” means a person that by a warehouse receipt, bill of lading, or other document of title acknowledges possession of goods and contracts to deliver them.

(2) “Carrier” means a person that issues a bill of lading.

(3) “Consignee” means a person named in a bill of lading to which or to whose order the bill promises delivery.

(4) “Consignor” means a person named in a bill of lading as the person from which the goods have been received for shipment.

(5) “Delivery order” means a record that contains an order to deliver goods directed to a warehouse, carrier, or other person that in the ordinary course of business issues warehouse receipts or bills of lading.

(6) “Goods” means all things that are treated as movable for the purposes of a contract for storage or transportation.

(7) “Issuer” means a bailee that issues a document of title, or, in the case of an unaccepted delivery order, the person that orders the possessor of goods to deliver. The term includes a person for which an agent or employee purports to act in issuing a document if the agent or employee has real or apparent authority to issue documents.

1 even if the issuer did not receive any goods, the goods were misdescribed, or in any
2 other respect the agent or employee violated the issuer's instructions.

3 (8) "Person entitled under the document" means the holder, in the case of a
4 negotiable document of title, or the person to which delivery of the goods is to be
5 made by the terms of, or pursuant to instructions in a record under, a nonnegotiable
6 document of title.

7 (9) "Sign" means, with present intent to authenticate or adopt a record:

8 (A) to execute or adopt a tangible symbol; or

9 (B) to attach to or logically associate with the record an electronic sound,
10 symbol, or process.

11 (10) "Shipper" means a person that enters into a contract of transportation with
12 a carrier.

13 (11) "Warehouse" means a person engaged in the business of storing goods for
14 hire.

15 (b) Definitions in other articles applying to this article and the sections in which
16 they appear are:

17 (1) "Contract for sale," Section 2-106.

18 (2) "Lessee in the ordinary course of business," Section 2A-103.

19 (3) "Receipt" of goods, Section 2-103.

20 (c) In addition, Article 1 contains general definitions and principles of
21 construction and interpretation applicable throughout this article.

22 § 7-103. RELATION OF ARTICLE TO TREATY OR STATUTE

23 (a) This article is subject to any treaty or statute of the United States or regulatory
24 statute of this State to the extent the treaty, statute, or regulatory statute is applicable.

25 (b) This article does not modify or repeal any law prescribing the form or content
26 of a document of title or the services or facilities to be afforded by a bailee, or
27 otherwise regulating a bailee's business in respects not specifically treated in this
28 article. However, violation of such a law does not affect the status of a document of
29 title that otherwise is within the definition of a document of title.

30 (c) This article modifies, limits, and supersedes the federal Electronic Signatures
31 in Global and National Commerce Act (15 U.S.C. Section 7001, et. seq.) but does not
32 modify, limit, or supersede Section 101(c) of that act (15 U.S.C. Section 7001(c)) or
33 authorize electronic delivery of any of the notices described in Section 103(b) of that
34 act (15 U.S.C. Section 7003(b)).

35 (d) To the extent there is a conflict between the Uniform Electronic Transactions
36 Act (9 V.S.A. chapter 20) and this article, this article governs.

37 § 7-104. NEGOTIABLE AND NONNEGOTIABLE DOCUMENT OF

38 TITLE

39 (a) Except as otherwise provided in subsection (c) of this section, a document of
40 title is negotiable if by its terms the goods are to be delivered to bearer or to the order
41 of a named person.

42 (b) A document of title other than one described in subsection (a) of this section is
43 nonnegotiable. A bill of lading that states that the goods are consigned to a named

1 person is not made negotiable by a provision that the goods are to be delivered only
2 against an order in a record signed by the same or another named person.

3 (c) A document of title is nonnegotiable if, at the time it is issued, the document
4 has a conspicuous legend, however expressed, that it is nonnegotiable.

5 § 7-105. REISSUANCE IN ALTERNATIVE MEDIUM

6 (a) Upon request of a person entitled under an electronic document of title, the
7 issuer of the electronic document may issue a tangible document of title as a substitute
8 for the electronic document if:

9 (1) the person entitled under the electronic document surrenders control of the
10 document to the issuer; and

11 (2) the tangible document when issued contains a statement that it is issued in
12 substitution for the electronic document.

13 (b) Upon issuance of a tangible document of title in substitution for an electronic
14 document of title in accordance with subsection (a) of this section:

15 (1) the electronic document ceases to have any effect or validity; and

16 (2) the person that procured issuance of the tangible document warrants to all
17 subsequent persons entitled under the tangible document that the warrantor was a
18 person entitled under the electronic document when the warrantor surrendered control
19 of the electronic document to the issuer.

20 (c) Upon request of a person entitled under a tangible document of title, the issuer
21 of the tangible document may issue an electronic document of title as a substitute for
22 the tangible document if:

23 (1) the person entitled under the tangible document surrenders possession of
24 the document to the issuer; and

25 (2) the electronic document when issued contains a statement that it is issued in
26 substitution for the tangible document.

27 (d) Upon issuance of an electronic document of title in substitution for a tangible
28 document of title in accordance with subsection (c) of this section:

29 (1) the tangible document ceases to have any effect or validity; and

30 (2) the person that procured issuance of the electronic document warrants to all
31 subsequent persons entitled under the electronic document that the warrantor was a
32 person entitled under the tangible document when the warrantor surrendered
33 possession of the tangible document to the issuer.

34 § 7-106. CONTROL OF ELECTRONIC DOCUMENT OF TITLE

35 (a) A person has control of an electronic document of title if a system employed
36 for evidencing the transfer of interests in the electronic document reliably establishes
37 that person as the person to which the electronic document was issued or transferred.

38 (b) A system satisfies subsection (a) of this section, and a person is deemed to
39 have control of an electronic document of title, if the document is created, stored, and
40 assigned in such a manner that:

41 (1) a single authoritative copy of the document exists which is unique,
42 identifiable, and, except as otherwise provided in subdivisions (4), (5), and (6) of this
43 subsection, unalterable;

- 1 (2) the authoritative copy identifies the person asserting control as:
2 (A) the person to which the document was issued; or
3 (B) if the authoritative copy indicates that the document has been
4 transferred, the person to which the document was most recently transferred;
5 (3) the authoritative copy is communicated to and maintained by the person
6 asserting control or its designated custodian;
7 (4) copies or amendments that add or change an identified assignee of the
8 authoritative copy can be made only with the consent of the person asserting control;
9 (5) each copy of the authoritative copy and any copy of a copy is readily
10 identifiable as a copy that is not the authoritative copy; and
11 (6) any amendment of the authoritative copy is readily identifiable as
12 authorized or unauthorized.

13 Part 2. Warehouse Receipts: Special Provisions

14 § 7-201. PERSON THAT MAY ISSUE A WAREHOUSE RECEIPT;
15 STORAGE UNDER BOND

- 16 (a) A warehouse receipt may be issued by any warehouse.
17 (b) If goods, including distilled spirits and agricultural commodities, are stored
18 under a statute requiring a bond against withdrawal or a license for the issuance of
19 receipts in the nature of warehouse receipts, a receipt issued for the goods is deemed
20 to be a warehouse receipt even if issued by a person that is the owner of the goods and
21 is not a warehouse.

22 § 7-202. FORM OF WAREHOUSE RECEIPT; EFFECT OF OMISSION

- 23 (a) A warehouse receipt need not be in any particular form.
24 (b) Unless a warehouse receipt provides for each of the following, the warehouse
25 is liable for damages caused to a person injured by its omission:
26 (1) a statement of the location of the warehouse facility where the goods are
27 stored;
28 (2) the date of issue of the receipt;
29 (3) the unique identification code of the receipt;
30 (4) a statement whether the goods received will be delivered to the bearer, to a
31 named person, or to a named person or its order;
32 (5) the rate of storage and handling charges, unless goods are stored under a
33 field warehousing arrangement, in which case a statement of that fact is sufficient on a
34 nonnegotiable receipt;
35 (6) a description of the goods or the packages containing them;
36 (7) the signature of the warehouse or its agent;
37 (8) if the receipt is issued for goods that the warehouse owns, either solely,
38 jointly, or in common with others, a statement of the fact of that ownership; and
39 (9) a statement of the amount of advances made and of liabilities incurred for
40 which the warehouse claims a lien or security interest, unless the precise amount of
41 advances made or liabilities incurred, at the time of the issue of the receipt, is
42 unknown to the warehouse or to its agent that issued the receipt, in which case a

1 statement of the fact that advances have been made or liabilities incurred and the
2 purpose of the advances or liabilities is sufficient.

3 (c) A warehouse may insert in its receipt any terms that are not contrary to this
4 title and do not impair its obligation of delivery under section 7-403 of this title or its
5 duty of care under section 7-204 of this title. Any contrary provision is ineffective.
6 § 7-203. LIABILITY FOR NONRECEIPT OR MISDESCRIPTION

7 A party to or purchaser for value in good faith of a document of title, other than a
8 bill of lading, that relies upon the description of the goods in the document may
9 recover from the issuer damages caused by the nonreceipt or misdescription of the
10 goods, except to the extent that:

11 (1) the document conspicuously indicates that the issuer does not know
12 whether all or part of the goods in fact were received or conform to the description,
13 such as a case in which the description is in terms of marks or labels or kind, quantity,
14 or condition, or the receipt or description is qualified by "contents, condition, and
15 quality unknown," "said to contain," or words of similar import, if the indication is
16 true; or

17 (2) the party or purchaser otherwise has notice of the nonreceipt or
18 misdescription.

19 § 7-204. DUTY OF CARE; CONTRACTUAL LIMITATION OF
20 WAREHOUSE'S LIABILITY

21 (a) A warehouse is liable for damages for loss of or injury to the goods caused by
22 its failure to exercise care with regard to the goods that a reasonably careful person
23 would exercise under similar circumstances. Unless otherwise agreed, the warehouse
24 is not liable for damages that could not have been avoided by the exercise of that care.

25 (b) Damages may be limited by a term in the warehouse receipt or storage
26 agreement limiting the amount of liability in case of loss or damage beyond which the
27 warehouse is not liable. Such a limitation is not effective with respect to the
28 warehouse's liability for conversion to its own use. On request of the bailor in a
29 record at the time of signing the storage agreement or within a reasonable time after
30 receipt of the warehouse receipt, the warehouse's liability may be increased on part or
31 all of the goods covered by the storage agreement or the warehouse receipt. In this
32 event, increased rates may be charged based on an increased valuation of the goods.

33 (c) Reasonable provisions as to the time and manner of presenting claims and
34 commencing actions based on the bailment may be included in the warehouse receipt
35 or storage agreement.

36 § 7-205. TITLE UNDER WAREHOUSE RECEIPT DEFEATED IN
37 CERTAIN CASES

38 A buyer in ordinary course of business of fungible goods sold and delivered by a
39 warehouse that is also in the business of buying and selling such goods takes the
40 goods free of any claim under a warehouse receipt even if the receipt is negotiable and
41 has been duly negotiated.

42 § 7-206. TERMINATION OF STORAGE AT WAREHOUSE'S OPTION

1 (a) A warehouse, by giving notice to the person on whose account the goods are
2 held and any other person known to claim an interest in the goods, may require
3 payment of any charges and removal of the goods from the warehouse at the
4 termination of the period of storage fixed by the document of title or, if a period is not
5 fixed, within a stated period not less than 30 days after the warehouse gives notice. If
6 the goods are not removed before the date specified in the notice, the warehouse may
7 sell them pursuant to section 7-210 of this title.

8 (b) If a warehouse in good faith believes that goods are about to deteriorate or
9 decline in value to less than the amount of its lien within the time provided in
10 subsection (a) of this section and section 7-210 of this title, the warehouse may
11 specify in the notice given under subsection (a) of this section any reasonable shorter
12 time for removal of the goods and, if the goods are not removed, may sell them at
13 public sale held not less than one week after a single advertisement or posting.

14 (c) If, as a result of a quality or condition of the goods of which the warehouse did
15 not have notice at the time of deposit, the goods are a hazard to other property, the
16 warehouse facilities, or other persons, the warehouse may sell the goods at public or
17 private sale without advertisement or posting on reasonable notification to all persons
18 known to claim an interest in the goods. If the warehouse, after a reasonable effort, is
19 unable to sell the goods, it may dispose of them in any lawful manner and does not
20 incur liability by reason of that disposition.

21 (d) A warehouse shall deliver the goods to any person entitled to them under this
22 article upon due demand made at any time before sale or other disposition under this
23 section.

24 (e) A warehouse may satisfy its lien from the proceeds of any sale or disposition
25 under this section but shall hold the balance for delivery on the demand of any person
26 to which the warehouse would have been bound to deliver the goods.

27 § 7-207. GOODS SHALL BE KEPT SEPARATE; FUNGIBLE GOODS

28 (a) Unless the warehouse receipt provides otherwise, a warehouse shall keep
29 separate the goods covered by each receipt so as to permit at all times identification
30 and delivery of those goods. However, different lots of fungible goods may be
31 commingled.

32 (b) If different lots of fungible goods are commingled, the goods are owned in
33 common by the persons entitled thereto and the warehouse is severally liable to each
34 owner for that owner's share. If, because of overissue, a mass of fungible goods is
35 insufficient to meet all the receipts the warehouse has issued against it, the persons
36 entitled include all holders to which overissued receipts have been duly negotiated.

37 § 7-208. ALTERED WAREHOUSE RECEIPTS

38 If a blank in a negotiable tangible warehouse receipt has been filled in without
39 authority, a good-faith purchaser for value and without notice of the lack of authority
40 may treat the insertion as authorized. Any other unauthorized alteration leaves any
41 tangible or electronic warehouse receipt enforceable against the issuer according to its
42 original tenor.

43 § 7-209. LIEN OF WAREHOUSE

1 (a) A warehouse has a lien against the bailor on the goods covered by a warehouse
2 receipt or storage agreement or on the proceeds thereof in its possession for charges
3 for storage or transportation, including demurrage and terminal charges, insurance,
4 labor, or other charges, present or future, in relation to the goods, and for expenses
5 necessary for preservation of the goods or reasonably incurred in their sale pursuant to
6 law. If the person on whose account the goods are held is liable for similar charges or
7 expenses in relation to other goods whenever deposited and it is stated in the
8 warehouse receipt or storage agreement that a lien is claimed for charges and expenses
9 in relation to other goods, the warehouse also has a lien against the goods covered by
10 the warehouse receipt or storage agreement or on the proceeds thereof in its
11 possession for those charges and expenses, whether or not the other goods have been
12 delivered by the warehouse. However, as against a person to which a negotiable
13 warehouse receipt is duly negotiated, a warehouse's lien is limited to charges in an
14 amount or at a rate specified in the warehouse receipt or, if no charges are so
15 specified, to a reasonable charge for storage of the specific goods covered by the
16 receipt subsequent to the date of the receipt.

17 (b) A warehouse may also reserve a security interest against the bailor for the
18 maximum amount specified on the receipt for charges other than those specified in
19 subsection (a) of this section, such as for money advanced and interest. The security
20 interest is governed by article 9 of this title.

21 (c) A warehouse's lien for charges and expenses under subsection (a) of this
22 section or a security interest under subsection (b) of this section is also effective
23 against any person that so entrusted the bailor with possession of the goods that a
24 pledge of them by the bailor to a good-faith purchaser for value would have been
25 valid. However, the lien or security interest is not effective against a person that
26 before issuance of a document of title had a legal interest or a perfected security
27 interest in the goods and that did not:

28 (1) deliver or entrust the goods or any document of title covering the goods to
29 the bailor or the bailor's nominee with:

30 (A) actual or apparent authority to ship, store, or sell;

31 (B) power to obtain delivery under section 7-403 of this title; or

32 (C) power of disposition under sections 2-403, 2A-304(2), 2A-305(2), 9-
33 320, or 9-321(c) of this title, or other statute or rule of law; or

34 (2) acquiesce in the procurement by the bailor or its nominee of any document.

35 (d) A warehouse's lien on household goods for charges and expenses in relation to
36 the goods under subsection (a) of this section is also effective against all persons if the
37 depositor was the legal possessor of the goods at the time of deposit. In this
38 subsection, "household goods" means furniture, furnishings, or personal effects used
39 by the depositor in a dwelling.

40 (e) A warehouse loses its lien on any goods that it voluntarily delivers or
41 unjustifiably refuses to deliver.

1 § 7-210. ENFORCEMENT OF WAREHOUSE'S LIEN

2 (a) Except as otherwise provided in subsection (b) of this section, a warehouse's
3 lien may be enforced by public or private sale of the goods, in bulk or in packages, at
4 any time or place and on any terms that are commercially reasonable, after notifying
5 all persons known to claim an interest in the goods. The notification shall include a
6 statement of the amount due, the nature of the proposed sale, and the time and place of
7 any public sale. The fact that a better price could have been obtained by a sale at a
8 different time or in a method different from that selected by the warehouse is not of
9 itself sufficient to establish that the sale was not made in a commercially reasonable
10 manner. The warehouse sells in a commercially reasonable manner if the warehouse
11 sells the goods in the usual manner in any recognized market therefore, sells at the
12 price current in that market at the time of the sale, or otherwise sells in conformity
13 with commercially reasonable practices among dealers in the type of goods sold. A
14 sale of more goods than apparently necessary to be offered to ensure satisfaction of
15 the obligation is not commercially reasonable, except in cases covered by the
16 preceding sentence.

17 (b) A warehouse may enforce its lien on goods, other than goods stored by a
18 merchant in the course of its business, only if the following requirements are satisfied:

19 (1) All persons known to claim an interest in the goods shall be notified.

20 (2) The notification shall include an itemized statement of the claim, a
21 description of the goods subject to the lien, a demand for payment within a specified
22 time not less than 10 days after receipt of the notification, and a conspicuous
23 statement that unless the claim is paid within that time the goods will be advertised for
24 sale and sold by auction at a specified time and place.

25 (3) The sale shall conform to the terms of the notification.

26 (4) The sale shall be held at the nearest suitable place to where the goods are
27 held or stored.

28 (5) After the expiration of the time given in the notification, an advertisement
29 of the sale shall be published once a week for two weeks consecutively in a newspaper
30 of general circulation where the sale is to be held. The advertisement shall include a
31 description of the goods, the name of the person on whose account the goods are
32 being held, and the time and place of the sale. The sale shall take place at least 15
33 days after the first publication. If there is no newspaper of general circulation where
34 the sale is to be held, the advertisement shall be posted at least 10 days before the sale
35 in not fewer than six conspicuous places in the neighborhood of the proposed sale.

36 (c) Before any sale pursuant to this section, any person claiming a right in the
37 goods may pay the amount necessary to satisfy the lien and the reasonable expenses
38 incurred in complying with this section. In that event, the goods may not be sold but
39 shall be retained by the warehouse subject to the terms of the receipt and this article.

40 (d) A warehouse may buy at any public sale held pursuant to this section.

41 (e) A purchaser in good faith of goods sold to enforce a warehouse's lien takes the
42 goods free of any rights of persons against which the lien was valid, despite the
43 warehouse's noncompliance with this section.

1 (f) A warehouse may satisfy its lien from the proceeds of any sale pursuant to this
2 section but shall hold the balance, if any, for delivery on demand to any person to
3 which the warehouse would have been bound to deliver the goods.

4 (g) The rights provided by this section are in addition to all other rights allowed by
5 law to a creditor against a debtor.

6 (h) If a lien is on goods stored by a merchant in the course of its business, the lien
7 may be enforced in accordance with subsection (a) or (b) of this section.

8 (i) A warehouse is liable for damages caused by failure to comply with the
9 requirements for sale under this section and, in case of willful violation, is liable for
10 conversion.

11 Part 3. Bills Of Lading: Special Provisions

12 § 7-301. LIABILITY FOR NONRECEIPT OR MISDESCRIPTION; "SAID
13 TO CONTAIN"; "SHIPPER'S WEIGHT, LOAD, AND COUNT";
14 IMPROPER HANDLING

15 (a) A consignee of a nonnegotiable bill of lading which has given value in good
16 faith, or a holder to which a negotiable bill has been duly negotiated, relying upon the
17 description of the goods in the bill or upon the date shown in the bill, may recover
18 from the issuer damages caused by the misdating of the bill or the nonreceipt or
19 misdescription of the goods, except to the extent that the bill indicates that the issuer
20 does not know whether any part or all of the goods in fact were received or conform to
21 the description, such as in a case in which the description is in terms of marks or
22 labels or kind, quantity, or condition or the receipt or description is qualified by
23 "contents or condition of contents of packages unknown," "said to contain,"
24 "shipper's weight, load, and count," or words of similar import, if that indication is
25 true.

26 (b) If goods are loaded by the issuer of a bill of lading:

27 (1) the issuer shall count the packages of goods if shipped in packages and
28 ascertain the kind and quantity if shipped in bulk; and

29 (2) words such as "shipper's weight, load, and count," or words of similar
30 import indicating that the description was made by the shipper are ineffective except
31 as to goods concealed in packages.

32 (c) If bulk goods are loaded by a shipper that makes available to the issuer of a bill
33 of lading adequate facilities for weighing those goods, the issuer shall ascertain the
34 kind and quantity within a reasonable time after receiving the shipper's request in a
35 record to do so. In that case, "shipper's weight" or words of similar import are
36 ineffective.

37 (d) The issuer of a bill of lading, by including in the bill the words "shipper's
38 weight, load, and count," or words of similar import, may indicate that the goods were
39 loaded by the shipper, and, if that statement is true, the issuer is not liable for damages
40 caused by the improper loading. However, omission of such words does not imply
41 liability for damages caused by improper loading.

42 (e) A shipper guarantees to an issuer the accuracy at the time of shipment of the
43 description, marks, labels, number, kind, quantity, condition, and weight, as furnished

1 by the shipper, and the shipper shall indemnify the issuer against damage caused by
2 inaccuracies in those particulars. This right of indemnity does not limit the issuer's
3 responsibility or liability under the contract of carriage to any person other than the
4 shipper.

5 § 7-302. THROUGH BILLS OF LADING AND SIMILAR DOCUMENTS
6 OF TITLE

7 (a) The issuer of a through bill of lading, or other document of title embodying an
8 undertaking to be performed in part by a person acting as its agent or by a performing
9 carrier, is liable to any person entitled to recover on the bill or other document for any
10 breach by the other person or the performing carrier of its obligation under the bill or
11 other document. However, to the extent that the bill or other document covers an
12 undertaking to be performed overseas or in territory not contiguous to the continental
13 United States or an undertaking including matters other than transportation, this
14 liability for breach by the other person or the performing carrier may be varied by
15 agreement of the parties.

16 (b) If goods covered by a through bill of lading or other document of title
17 embodying an undertaking to be performed in part by a person other than the issuer
18 are received by that person, the person is subject, with respect to its own performance
19 while the goods are in its possession, to the obligation of the issuer. The person's
20 obligation is discharged by delivery of the goods to another person pursuant to the bill
21 or other document and does not include liability for breach by any other person or by
22 the issuer.

23 (c) The issuer of a through bill of lading or other document of title described in
24 subsection (a) of this section is entitled to recover from the performing carrier, or
25 other person in possession of the goods when the breach of the obligation under the
26 bill or other document occurred:

27 (1) the amount it may be required to pay to any person entitled to recover on
28 the bill or other document for the breach, as may be evidenced by any receipt,
29 judgment, or transcript of judgment; and

30 (2) the amount of any expense reasonably incurred by the issuer in defending
31 any action commenced by any person entitled to recover on the bill or other document
32 for the breach.

33 § 7-303. DIVERSION; RECONSIGNMENT; CHANGE OF
34 INSTRUCTIONS

35 (a) Unless the bill of lading otherwise provides, a carrier may deliver the goods to
36 a person or destination other than that stated in the bill or may otherwise dispose of
37 the goods, without liability for misdelivery, on instructions from:

38 (1) the holder of a negotiable bill;

39 (2) the consignor on a nonnegotiable bill, even if the consignee has given
40 contrary instructions;

41 (3) the consignee on a nonnegotiable bill in the absence of contrary
42 instructions from the consignor, if the goods have arrived at the billed destination or if
43 the consignee is in possession of the tangible bill or in control of the electronic bill; or

1 (4) the consignee on a nonnegotiable bill, if the consignee is entitled as against
2 the consignor to dispose of the goods.

3 (b) Unless instructions described in subsection (a) of this section are included in a
4 negotiable bill of lading, a person to which the bill is duly negotiated may hold the
5 bailee according to the original terms.

6 § 7-304. TANGIBLE BILLS OF LADING IN A SET

7 (a) Except as customary in international transportation, a tangible bill of lading
8 may not be issued in a set of parts. The issuer is liable for damages caused by
9 violation of this subsection.

10 (b) If a tangible bill of lading is lawfully issued in a set of parts, each of which
11 contains an identification code and is expressed to be valid only if the goods have not
12 been delivered against any other part, the whole of the parts constitutes one bill.

13 (c) If a tangible negotiable bill of lading is lawfully issued in a set of parts and
14 different parts are negotiated to different persons, the title of the holder to which the
15 first due negotiation is made prevails as to both the document of title and the goods
16 even if any later holder may have received the goods from the carrier in good faith
17 and discharged the carrier's obligation by surrendering its part.

18 (d) A person that negotiates or transfers a single part of a tangible bill of lading
19 issued in a set is liable to holders of that part as if it were the whole set.

20 (e) The bailee shall deliver in accordance with part 4 of this article against the first
21 presented part of a tangible bill of lading lawfully issued in a set. Delivery in this
22 manner discharges the bailee's obligation on the whole bill.

23 § 7-305. DESTINATION BILLS

24 (a) Instead of issuing a bill of lading to the consignor at the place of shipment, a
25 carrier, at the request of the consignor, may procure the bill to be issued at destination
26 or at any other place designated in the request.

27 (b) Upon request of any person entitled as against a carrier to control the goods
28 while in transit and on surrender of possession or control of any outstanding bill of
29 lading or other receipt covering the goods, the issuer, subject to section 7-105 of this
30 title, may procure a substitute bill to be issued at any place designated in the request.

31 § 7-306. ALTERED BILLS OF LADING

32 An unauthorized alteration or filling in of a blank in a bill of lading leaves the bill
33 enforceable according to its original tenor.

34 § 7-307. LIEN OF CARRIER

35 (a) A carrier has a lien on the goods covered by a bill of lading or on the proceeds
36 thereof in its possession for charges after the date of the carrier's receipt of the goods
37 for storage or transportation, including demurrage and terminal charges, and for
38 expenses necessary for preservation of the goods incident to their transportation or
39 reasonably incurred in their sale pursuant to law. However, against a purchaser for
40 value of a negotiable bill of lading, a carrier's lien is limited to charges stated in the
41 bill or the applicable tariffs or, if no charges are stated, a reasonable charge.

42 (b) A lien for charges and expenses under subsection (a) of this section on goods
43 that the carrier was required by law to receive for transportation is effective against

1 the consignor or any person entitled to the goods unless the carrier had notice that the
2 consignor lacked authority to subject the goods to those charges and expenses. Any
3 other lien under subsection (a) of this section is effective against the consignor and
4 any person that permitted the bailor to have control or possession of the goods unless
5 the carrier had notice that the bailor lacked authority.

6 (c) A carrier loses its lien on any goods that it voluntarily delivers or unjustifiably
7 refuses to deliver.

8 § 7-308. ENFORCEMENT OF CARRIER'S LIEN

9 (a) A carrier's lien on goods may be enforced by public or private sale of the
10 goods, in bulk or in packages, at any time or place and on any terms that are
11 commercially reasonable, after notifying all persons known to claim an interest in the
12 goods. The notification shall include a statement of the amount due, the nature of the
13 proposed sale, and the time and place of any public sale. The fact that a better price
14 could have been obtained by a sale at a different time or in a method different from
15 that selected by the carrier is not of itself sufficient to establish that the sale was not
16 made in a commercially reasonable manner. The carrier sells goods in a
17 commercially reasonable manner if the carrier sells the goods in the usual manner in
18 any recognized market therefor, sells at the price current in that market at the time of
19 the sale, or otherwise sells in conformity with commercially reasonable practices
20 among dealers in the type of goods sold. A sale of more goods than apparently
21 necessary to be offered to ensure satisfaction of the obligation is not commercially
22 reasonable, except in cases covered by the preceding sentence.

23 (b) Before any sale pursuant to this section, any person claiming a right in the
24 goods may pay the amount necessary to satisfy the lien and the reasonable expenses
25 incurred in complying with this section. In that event, the goods may not be sold but
26 shall be retained by the carrier, subject to the terms of the bill of lading and this
27 article.

28 (c) A carrier may buy at any public sale pursuant to this section.

29 (d) A purchaser in good faith of goods sold to enforce a carrier's lien takes the
30 goods free of any rights of persons against which the lien was valid, despite the
31 carrier's noncompliance with this section.

32 (e) A carrier may satisfy its lien from the proceeds of any sale pursuant to this
33 section but shall hold the balance, if any, for delivery on demand to any person to
34 which the carrier would have been bound to deliver the goods.

35 (f) The rights provided by this section are in addition to all other rights allowed by
36 law to a creditor against a debtor.

37 (g) A carrier's lien may be enforced pursuant to either subsection (a) of this
38 section or the procedure set forth in subsection 7-210(b) of this title.

39 (h) A carrier is liable for damages caused by failure to comply with the
40 requirements for sale under this section and, in case of willful violation, is liable for
41 conversion.

42 § 7-309. DUTY OF CARE; CONTRACTUAL LIMITATION OF
43 CARRIER'S LIABILITY

1 (a) A carrier that issues a bill of lading, whether negotiable or nonnegotiable, shall
2 exercise the degree of care in relation to the goods which a reasonably careful person
3 would exercise under similar circumstances. This subsection does not affect any
4 statute, regulation, or rule of law that imposes liability upon a common carrier for
5 damages not caused by its negligence.

6 (b) Damages may be limited by a term in the bill of lading or in a transportation
7 agreement that the carrier's liability may not exceed a value stated in the bill or
8 transportation agreement if the carrier's rates are dependent upon value and the
9 consignor is afforded an opportunity to declare a higher value and the consignor is
10 advised of the opportunity. However, such a limitation is not effective with respect to
11 the carrier's liability for conversion to its own use.

12 (c) Reasonable provisions as to the time and manner of presenting claims and
13 commencing actions based on the shipment may be included in a bill of lading or a
14 transportation agreement.

15 Part 4. Warehouse Receipts and Bills of Lading:

16 General Obligations

17 § 7-401. IRREGULARITIES IN ISSUE OF RECEIPT OR BILL OR
18 CONDUCT OF ISSUER

19 The obligations imposed by this article on an issuer apply to a document of title
20 even if:

21 (1) the document does not comply with the requirements of this article or of
22 any other statute, rule, or regulation regarding its issuance, form, or content;

23 (2) the issuer violated laws regulating the conduct of its business;

24 (3) the goods covered by the document were owned by the bailee when the
25 document was issued; or

26 (4) the person issuing the document is not a warehouse but the document
27 purports to be a warehouse receipt.

28 § 7-402. DUPLICATE DOCUMENT OF TITLE; OVERISSUE

29 A duplicate or any other document of title purporting to cover goods already
30 represented by an outstanding document of the same issuer does not confer any right
31 in the goods, except as provided in the case of tangible bills of lading in a set of parts,
32 overissue of documents for fungible goods, substitutes for lost, stolen, or destroyed
33 documents, or substitute documents issued pursuant to section 7-105 of this title. The
34 issuer is liable for damages caused by its overissue or failure to identify a duplicate
35 document by a conspicuous notation.

36 § 7-403. OBLIGATION OF BAILEE TO DELIVER; EXCUSE

37 (a) A bailee shall deliver the goods to a person entitled under a document of title if
38 the person complies with subsections (b) and (c) of this section, unless and to the
39 extent that the bailee establishes any of the following:

40 (1) delivery of the goods to a person whose receipt was rightful as against the
41 claimant;

42 (2) damage to or delay, loss, or destruction of the goods for which the bailee is
43 not liable;

1 (3) previous sale or other disposition of the goods in lawful enforcement of a
2 lien or on a warehouse's lawful termination of storage;

3 (4) the exercise by a seller of its right to stop delivery pursuant to section 2-705
4 of this title or by a lessor of its right to stop delivery pursuant to section 2A-526 of
5 this title;

6 (5) a diversion, reconsignment, or other disposition pursuant to section 7-303
7 of this title;

8 (6) release, satisfaction, or any other personal defense against the claimant; or

9 (7) any other lawful excuse.

10 (b) A person claiming goods covered by a document of title shall satisfy the
11 bailee's lien if the bailee so requests or if the bailee is prohibited by law from
12 delivering the goods until the charges are paid.

13 (c) Unless a person claiming the goods is a person against which the document of
14 title does not confer a right under subsection 7-503(a) of this title:

15 (1) the person claiming under a document shall surrender possession or control
16 of any outstanding negotiable document covering the goods for cancellation or
17 indication of partial deliveries; and

18 (2) the bailee shall cancel the document or conspicuously indicate in the
19 document the partial delivery or the bailee is liable to any person to which the
20 document is duly negotiated.

21 § 7-404. NO LIABILITY FOR GOOD-FAITH DELIVERY PURSUANT TO
22 DOCUMENT OF TITLE

23 A bailee that in good faith has received goods and delivered or otherwise disposed
24 of the goods according to the terms of a document of title or pursuant to this article is
25 not liable for the goods even if:

26 (1) the person from which the bailee received the goods did not have authority
27 to procure the document or to dispose of the goods; or

28 (2) the person to which the bailee delivered the goods did not have authority to
29 receive the goods.

30 Part 5. Warehouse Receipts And Bills Of Lading:

31 Negotiation And Transfer

32 § 7-501. FORM OF NEGOTIATION AND REQUIREMENTS OF DUE
33 NEGOTIATION

34 (a) The following rules apply to a negotiable tangible document of title:

35 (1) If the document's original terms run to the order of a named person, the
36 document is negotiated by the named person's indorsement and delivery. After the
37 named person's indorsement in blank or to bearer, any person may negotiate the
38 document by delivery alone.

39 (2) If the document's original terms run to bearer, it is negotiated by delivery
40 alone.

41 (3) If the document's original terms run to the order of a named person and it is
42 delivered to the named person, the effect is the same as if the document had been
43 negotiated.

1 (4) Negotiation of the document after it has been indorsed to a named person
2 requires indorsement by the named person and delivery.

3 (5) A document is duly negotiated if it is negotiated in the manner stated in this
4 subsection to a holder that purchases it in good faith, without notice of any defense
5 against or claim to it on the part of any person, and for value, unless it is established
6 that the negotiation is not in the regular course of business or financing or involves
7 receiving the document in settlement or payment of a monetary obligation.

8 (b) The following rules apply to a negotiable electronic document of title:

9 (1) If the document's original terms run to the order of a named person or to
10 bearer, the document is negotiated by delivery of the document to another person.
11 Indorsement by the named person is not required to negotiate the document.

12 (2) If the document's original terms run to the order of a named person and the
13 named person has control of the document, the effect is the same as if the document
14 had been negotiated.

15 (3) A document is duly negotiated if it is negotiated in the manner stated in this
16 subsection to a holder that purchases it in good faith, without notice of any defense
17 against or claim to it on the part of any person, and for value, unless it is established
18 that the negotiation is not in the regular course of business or financing or involves
19 taking delivery of the document in settlement or payment of a monetary obligation.

20 (c) Indorsement of a nonnegotiable document of title neither makes it negotiable
21 nor adds to the transferee's rights.

22 (d) The naming in a negotiable bill of lading of a person to be notified of the
23 arrival of the goods does not limit the negotiability of the bill or constitute notice to a
24 purchaser of the bill of any interest of that person in the goods.

25 § 7-502. RIGHTS ACQUIRED BY DUE NEGOTIATION

26 (a) Subject to sections 7-205 and 7-503 of this title, a holder to which a negotiable
27 document of title has been duly negotiated acquires thereby:

28 (1) title to the document;

29 (2) title to the goods;

30 (3) all rights accruing under the law of agency or estoppel, including rights to
31 goods delivered to the bailee after the document was issued; and

32 (4) the direct obligation of the issuer to hold or deliver the goods according to
33 the terms of the document free of any defense or claim by the issuer except those
34 arising under the terms of the document or under this article, but in the case of a
35 delivery order, the bailee's obligation accrues only upon the bailee's acceptance of the
36 delivery order and the obligation acquired by the holder is that the issuer and any
37 indorser will procure the acceptance of the bailee.

38 (b) Subject to section 7-503 of this title, title and rights acquired by due
39 negotiation are not defeated by any stoppage of the goods represented by the
40 document of title or by surrender of the goods by the bailee and are not impaired even
41 if:

42 (1) the due negotiation or any prior due negotiation constituted a breach of
43 duty;

1 (2) any person has been deprived of possession of a negotiable tangible
2 document or control of a negotiable electronic document by misrepresentation, fraud,
3 accident, mistake, duress, loss, theft, or conversion; or

4 (3) a previous sale or other transfer of the goods or document has been made to
5 a third person.

6 § 7-503. DOCUMENT OF TITLE TO GOODS DEFEATED IN CERTAIN
7 CASES

8 (a) A document of title confers no right in goods against a person that before
9 issuance of the document had a legal interest or a perfected security interest in the
10 goods and that did not:

11 (1) deliver or entrust the goods or any document of title covering the goods to
12 the bailor or the bailor's nominee with:

13 (A) actual or apparent authority to ship, store, or sell;

14 (B) power to obtain delivery under section 7-403 of this title; or

15 (C) power of disposition under section 2-403, subdivisions 2A-304(2) or
16 2A-305(2), section 9-320, or subsection 9-321(c) of this title or other statute or rule of
17 law; or

18 (2) acquiesce in the procurement by the bailor or its nominee of any document.

19 (b) Title to goods based upon an unaccepted delivery order is subject to the rights
20 of any person to which a negotiable warehouse receipt or bill of lading covering the
21 goods has been duly negotiated. That title may be defeated under section 7-504 of
22 this title to the same extent as the rights of the issuer or a transferee from the issuer.

23 (c) Title to goods based upon a bill of lading issued to a freight forwarder is
24 subject to the rights of any person to which a bill issued by the freight forwarder is
25 duly negotiated. However, delivery by the carrier in accordance with part 4 of this
26 article pursuant to its own bill of lading discharges the carrier's obligation to deliver.
27 § 7-504. RIGHTS ACQUIRED IN ABSENCE OF DUE NEGOTIATION;

28 EFFECT OF DIVERSION; STOPPAGE OF DELIVERY

29 (a) A transferee of a document of title, whether negotiable or nonnegotiable, to
30 which the document has been delivered but not duly negotiated, acquires the title and
31 rights that its transferor had or had actual authority to convey.

32 (b) In the case of a transfer of a nonnegotiable document of title, until but not after
33 the bailee receives notice of the transfer, the rights of the transferee may be defeated:

34 (1) by those creditors of the transferor which could treat the transfer as void
35 under section 2-402 or 2A-308 of this title;

36 (2) by a buyer from the transferor in ordinary course of business if the bailee
37 has delivered the goods to the buyer or received notification of the buyer's rights;

38 (3) by a lessee from the transferor in ordinary course of business if the bailee
39 has delivered the goods to the lessee or received notification of the lessee's rights; or

40 (4) as against the bailee, by good-faith dealings of the bailee with the
41 transferor.

42 (c) A diversion or other change of shipping instructions by the consignor in a
43 nonnegotiable bill of lading which causes the bailee not to deliver the goods to the

1 consignee defeats the consignee's title to the goods if the goods have been delivered
2 to a buyer in ordinary course of business or a lessee in ordinary course of business
3 and, in any event, defeats the consignee's rights against the bailee.

4 (d) Delivery of the goods pursuant to a nonnegotiable document of title may be
5 stopped by a seller under section 2-705 of this title or a lessor under section 2A-526 of
6 this title, subject to the requirements of due notification in those sections. A bailee
7 that honors the seller's or lessor's instructions is entitled to be indemnified by the
8 seller or lessor against any resulting loss or expense.

9 § 7-505. INDORSER NOT GUARANTOR FOR OTHER PARTIES

10 The indorsement of a tangible document of title issued by a bailee does not make
11 the indorser liable for any default by the bailee or previous indorsers.

12 § 7-506. DELIVERY WITHOUT INDORSEMENT: RIGHT TO COMPEL
13 INDORSEMENT

14 The transferee of a negotiable tangible document of title has a specifically
15 enforceable right to have its transferor supply any necessary indorsement, but the
16 transfer becomes a negotiation only as of the time the indorsement is supplied.

17 § 7-507. WARRANTIES ON NEGOTIATION OR DELIVERY OF
18 DOCUMENT OF TITLE

19 If a person negotiates or delivers a document of title for value, otherwise than as a
20 mere intermediary under section 7-508 of this title, unless otherwise agreed, the
21 transferor, in addition to any warranty made in selling or leasing the goods, warrants
22 to its immediate purchaser only that:

23 (1) the document is genuine;

24 (2) the transferor does not have knowledge of any fact that would impair the
25 document's validity or worth; and

26 (3) the negotiation or delivery is rightful and fully effective with respect to the
27 title to the document and the goods it represents.

28 § 7-508. WARRANTIES OF COLLECTING BANK AS TO DOCUMENTS
29 OF TITLE

30 A collecting bank or other intermediary known to be entrusted with documents of
31 title on behalf of another or with collection of a draft or other claim against delivery of
32 documents warrants by the delivery of the documents only its own good faith and
33 authority even if the collecting bank or other intermediary has purchased or made
34 advances against the claim or draft to be collected.

35 § 7-509. ADEQUATE COMPLIANCE WITH COMMERCIAL CONTRACT

36 Whether a document of title is adequate to fulfill the obligations of a contract for
37 sale, a contract for lease, or the conditions of a letter of credit is determined by article
38 2, 2A, or 5 of this title.

39 Part 6. Warehouse Receipts and Bills of Lading:

40 Miscellaneous Provisions

41 § 7-601. LOST, STOLEN, OR DESTROYED DOCUMENTS OF TITLE

42 (a) If a document of title is lost, stolen, or destroyed, a court may order delivery of
43 the goods or issuance of a substitute document and the bailee may without liability to

1 any person comply with the order. If the document was negotiable, a court may not
2 order delivery of the goods or issuance of a substitute document without the
3 claimant's posting security unless it finds that any person that may suffer loss as a
4 result of nonsurrender of possession or control of the document is adequately
5 protected against the loss. If the document was nonnegotiable, the court may require
6 security. The court may also order payment of the bailee's reasonable costs and
7 attorney's fees in any action under this subsection.

8 (b) A bailee that, without a court order, delivers goods to a person claiming under
9 a missing negotiable document of title is liable to any person injured thereby. If the
10 delivery is not in good faith, the bailee is liable for conversion. Delivery in good faith
11 is not conversion if the claimant posts security with the bailee in an amount at least
12 double the value of the goods at the time of posting to indemnify any person injured
13 by the delivery which files a notice of claim within one year after the delivery.

14 § 7-602. JUDICIAL PROCESS AGAINST GOODS COVERED BY
15 NEGOTIABLE DOCUMENT OF TITLE

16 Unless a document of title was originally issued upon delivery of the goods by a
17 person that did not have power to dispose of them, a lien does not attach by virtue of
18 any judicial process to goods in the possession of a bailee for which a negotiable
19 document of title is outstanding unless possession or control of the document is first
20 surrendered to the bailee or the document's negotiation is enjoined. The bailee may
21 not be compelled to deliver the goods pursuant to process until possession or control
22 of the document is surrendered to the bailee or to the court. A purchaser of the
23 document for value without notice of the process or injunction takes free of the lien
24 imposed by judicial process.

25 § 7-603. CONFLICTING CLAIMS; INTERPLEADER

26 If more than one person claims title to or possession of the goods, the bailee is
27 excused from delivery until the bailee has a reasonable time to ascertain the validity of
28 the adverse claims or to commence an action for interpleader. The bailee may assert
29 an interpleader either in defending an action for nondelivery of the goods or by
30 original action.

31 Sec. B.4. 9A V.S.A. article 1 is amended to read:

32 ARTICLE 1. GENERAL PROVISIONS

33 * * *

34 § 1-201. GENERAL DEFINITIONS

35 * * *

36 (b) Subject to definitions contained in other articles of this title that apply to
37 particular articles or parts thereof:

38 * * *

39 (5) "Bearer" means a person in control of a negotiable electronic document of
40 title or a person in possession of a negotiable instrument, negotiable tangible
41 document of title, or certificated security that is payable to bearer or indorsed in blank.

(6) "Bill of lading" means a document of title evidencing the receipt of goods for shipment issued by a person engaged in the business of directly or indirectly transporting or forwarding goods. The term does not include a warehouse receipt.

* * *

(15) "Delivery," with respect to an electronic document of title means voluntary transfer of control and with respect to an instrument, a tangible document of title, or chattel paper, means voluntary transfer of possession.

(16) "Document of title" ~~includes bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of goods, and also any other document which means a record (i) that in the regular course of business or financing is treated as adequately evidencing that the person in possession or control of the record is entitled to receive, control, hold, and dispose of the document record and the goods it the record covers and (ii) that purports to be issued by or addressed to a bailee and to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass~~ The term includes a bill of lading, transport document, dock warrant, dock receipt, warehouse receipt, and order for delivery of goods. To be a document of title, a document must purport to be issued by or addressed to a bailee and purport to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass An electronic document of title means a document of title evidenced by a record consisting of information stored in an electronic medium. A tangible document of title means a document of title evidenced by a record consisting of information that is inscribed on a tangible medium.

* * *

(21) "Holder" means:

(A) the person in possession of a negotiable instrument that is payable either to bearer or to an identified person that is the person in possession; ~~or~~

(B) the person in possession of a negotiable tangible document of title if the goods are deliverable either to bearer or to the order of the person in possession; or

(C) the person in control of a negotiable electronic document of title.

* * *

(42) "Warehouse receipt" means a ~~receipt~~ document of title issued by a person engaged in the business of storing goods for hire.

* * *

Sec. B.5. 9A V.S.A. article 2 is amended to read:

ARTICLE 2. SALES

* * *

§ 2-103. DEFINITIONS AND INDEX OF DEFINITIONS

* * *

(3) ~~The~~ "Control" as provided in section 7-106 of this title and the following definitions in other articles apply to this article:

"Check". Section 3-104.

"Consignee". Section 7-102.

"Consignor". Section 7-102.

1 “Consumer goods”. Section 9-102.

2 “Dishonor”. Section 3-502.

3 “Draft”. Section 3-104.

4 * * *

5 § 2-104. DEFINITIONS: “MERCHANT”; “BETWEEN MERCHANTS”;
6 “FINANCING AGENCY”

7 * * *

8 (2) “Financing agency” means a bank, finance company or other person who in
9 the ordinary course of business makes advances against goods or documents of title or
10 who by arrangement with either the seller or the buyer intervenes in ordinary course to
11 make or collect payment due or claimed under the contract for sale, as by purchasing
12 or paying the seller’s draft or making advances against it or by merely taking it for
13 collection whether or not documents of title accompany or are associated with the
14 draft. “Financing agency” includes also a bank or other person who similarly
15 intervenes between persons who are in the position of seller and buyer in respect to
16 the goods (§ 2-707).

17 * * *

18 § 2-310. OPEN TIME FOR PAYMENT OR RUNNING OF CREDIT;
19 AUTHORITY TO SHIP UNDER RESERVATION

20 Unless otherwise agreed:

21 (a) payment is due at the time and place at which the buyer is to receive the
22 goods even though the place of shipment is the place of delivery; and

23 (b) if the seller is authorized to send the goods he or she may ship them under
24 reservation, and may tender the documents of title, but the buyer may inspect the
25 goods after their arrival before payment is due unless such inspection is inconsistent
26 with the terms of the contract (§ 2-513); and

27 (c) if delivery is authorized and made by way of documents of title otherwise
28 than by subsection (b) of this section then payment is due regardless of where the
29 goods are to be received (i) at the time and place at which the buyer is to receive
30 delivery of the tangible documents or regardless of where the goods are to be received
31 (ii) at the time the buyer is to receive delivery of the electronic documents and at the
32 seller’s place of business, or if none, the seller’s residence; and

33 (d) where the seller is required or authorized to ship the goods on credit the
34 credit period runs from the time of shipment but post-dating the invoice or delaying its
35 dispatch will correspondingly delay the starting of the credit period.

36 * * *

37 § 2-323. FORM OF BILL OF LADING REQUIRED IN OVERSEAS
38 SHIPMENT; “OVERSEAS”

39 * * *

40 (2) Where in a case within subsection (1) of this section a tangible bill of lading
41 has been issued in a set of parts, unless otherwise agreed if the documents are not to
42 be sent from abroad the buyer may demand tender of the full set; otherwise only one

part of the bill of lading need be tendered. Even if the agreement expressly requires a full set:

* * *

§ 2-401. PASSING OF TITLE; RESERVATION FOR SECURITY;
LIMITED APPLICATION OF THIS SECTION

* * *

(3) Unless otherwise explicitly agreed where delivery is to be made without moving the goods:

(a) if the seller is to deliver a tangible document of title, title passes at the time when and the place where he or she delivers such documents and if the seller is to deliver an electronic document of title, title passes when the seller delivers the document; or

(b) if the goods are at the time of contracting already identified and no documents of title are to be delivered, title passes at the time and place of contracting.

* * *

§ 2-503. MANNER OF SELLER'S TENDER OF DELIVERY

* * *

(4) Where goods are in the possession of a bailee and are to be delivered without being moved:

(a) tender requires that the seller either tender a negotiable document of title covering such goods or procure acknowledgment by the bailee of the buyer's right to possession of the goods; but

(b) tender to the buyer of a ~~non-negotiable~~ nonnegotiable document of title or of a ~~written direction to record directing~~ the bailee to deliver is sufficient tender unless the buyer seasonably objects, and except as otherwise provided in article 9 of this title receipt by the bailee of notification of the buyer's rights fixes those rights as against the bailee and all third persons; but risk of loss of the goods and of any failure by the bailee to honor the ~~non-negotiable~~ nonnegotiable document of title or to obey the direction remains on the seller until the buyer has had a reasonable time to present the document or direction, and a refusal by the bailee to honor the document or to obey the direction defeats the tender.

(5) Where the contract requires the seller to deliver documents:

(a) he or she must tender all such documents in correct form, except as provided in this article with respect to bills of lading in a set (§ 2-323(2)); and

(b) tender through customary banking channels is sufficient and dishonor of a draft accompanying or associated with the documents constitutes ~~non-acceptance~~ nonacceptance or rejection.

§ 2-505. SELLER'S SHIPMENT UNDER RESERVATION

(1) Where the seller has identified goods to the contract by or before shipment:

(a) his or her procurement of a negotiable bill of lading to his or her own order or otherwise reserves in him a security interest in the goods. His or her procurement of the bill to the order of a financing agency or of the buyer indicates in addition only the seller's expectation of transferring that interest to the person named.

(b) a non-negotiable bill of lading to himself or herself or his or her nominee reserves possession of the goods as security but except in a case of conditional delivery (§ 2-507(2)) a ~~non-negotiable~~ nonnegotiable bill of lading naming the buyer as consignee reserves no security interest even though the seller retains possession or control of the bill of lading.

(2) When shipment by the seller with reservation of a security interest is in violation of the contract for sale it constitutes an improper contract for transportation within the preceding section but impairs neither the rights given to the buyer by shipment and identification of the goods to the contract nor the seller's powers as a holder of a negotiable document of title.

§ 2-506. RIGHTS OF FINANCING AGENCY

* * *

(2) The right to reimbursement of a financing agency which has in good faith honored or purchased the draft under commitment to or authority from the buyer is not impaired by subsequent discovery of defects with reference to any relevant document which was apparently regular ~~on its face~~.

* * *

§ 2-509. RISK OF LOSS IN THE ABSENCE OF BREACH

* * *

(2) Where the goods are held by a bailee to be delivered without being moved, the risk of loss passes to the buyer:

(a) on his or her receipt of possession or control of a negotiable document of title covering the goods; or

(b) on acknowledgment by the bailee of the buyer's right to possession of the goods; or

(c) after his or her receipt of possession or control of a ~~non-negotiable~~ nonnegotiable document of title or other ~~written~~ direction to deliver in a record, as provided in § subdivision 2-503(4)(b) of this title.

* * *

§ 2-605. WAIVER OF BUYER'S OBJECTIONS BY FAILURE TO PARTICULARIZE

* * *

(2) Payment against documents made without reservation of rights precludes recovery of the payment for defects apparent ~~on the face of~~ in the documents.

* * *

§ 2-705. SELLER'S STOPPAGE OF DELIVERY IN TRANSIT OR OTHERWISE

* * *

(2) As against such buyer the seller may stop delivery until:

(a) receipt of the goods by the buyer; or

(b) acknowledgment to the buyer by any bailee of the goods except a carrier that the bailee holds the goods for the buyer; or

(c) such acknowledgment to the buyer by a carrier by reshipment or as
~~warehouseman~~ a warehouse; or

(d) negotiation to the buyer of any negotiable document of title covering the
goods.

(3)(a) To stop delivery the seller must so notify as to enable the bailee by
reasonable diligence to prevent delivery of the goods.

(b) After such notification the bailee must hold and deliver the goods
according to the directions of the seller but the seller is liable to the bailee for any
ensuing charges or damages.

(c) If a negotiable document of title has been issued for goods the bailee is not
obliged to obey a notification to stop until surrender of possession or control of the
document.

* * *

Sec. B.6. 9A V.S.A. article 2A is amended to read:

ARTICLE 2A. LEASES

* * *

§ 2A-103. DEFINITIONS AND INDEX OF DEFINITIONS

(1) In this article unless the context otherwise requires:

(a) "Buyer in ordinary course of business" means a person who in good faith
and without knowledge that the sale to him or her is in violation of the ownership
rights or security interest or leasehold interest of a third party in the goods, buys in
ordinary course from a person in the business of selling goods of that kind but does
not include a pawnbroker. "Buying" may be for cash or by exchange of other
property or on secured or unsecured credit and includes ~~receiving~~ acquiring goods or
documents of title under a ~~pre-existing~~ preexisting contract for sale but does not
include a transfer in bulk or as security for or in total or partial satisfaction of a money
debt.

* * *

(o) "Lessee in ordinary course of business" means a person who in good faith
and without knowledge that the lease to him ~~(or her)~~ or her is in violation of the
ownership rights or security interest or leasehold interest of a third party in the goods,
leases in ordinary course from a person in the business of selling or leasing goods of
that kind but does not include a pawnbroker. "Leasing" may be for cash or by
exchange of other property or on secured or unsecured credit and includes ~~receiving~~
acquiring goods or documents of title under a ~~pre-existing~~ preexisting lease contract
but does not include a transfer in bulk or as security for or in total or partial
satisfaction of a money debt.

* * *

§ 2A-514. WAIVER OF LESSEE'S OBJECTIONS

* * *

(2) A lessee's failure to reserve rights when paying rent or other consideration
against documents precludes recovery of the payment for defects apparent ~~on the face~~
~~of~~ in the documents.

* * *

§ 2A-526. LESSOR'S STOPPAGE OF DELIVERY IN TRANSIT OR
OTHERWISE

* * *

(2) In pursuing its remedies under subsection (1) of this section, the lessor may stop delivery until:

- (a) receipt of the goods by the lessee;
- (b) acknowledgment to the lessee by any bailee of the goods, except a carrier, that the bailee holds the goods for the lessee; or
- (c) such an acknowledgment to the lessee by a carrier via reshipment or as ~~warehouseman~~ a warehouse.

* * *

Sec. B.7. 9A V.S.A. article 4 is amended to read:

ARTICLE 4. BANK DEPOSITS AND COLLECTIONS

* * *

§ 4-104. DEFINITIONS AND INDEX OF DEFINITIONS

* * *

(c) ~~The~~ "Control" as provided in section 7-106 of this title and the following definitions in other articles apply to this article:

- "Acceptance" § 3-409
- "Alteration" § 3-407
- "Cashier's check" § 3-104
- "Certificate of deposit" § 3-104
- "Certified check" § 3-409
- "Check" § 3-104
- "Demand draft" § 3-104
- "Holder in due course" § 3-302
- "Instrument" § 3-104
- "Notice of dishonor" § 3-503
- "Order" § 3-103
- "Ordinary care" § 3-103
- "Person entitled to enforce" § 3-301
- "Presentment" § 3-501
- "Promise" § 3-103
- "Prove" § 3-103
- "Teller's check" § 3-104
- "Unauthorized signature" § 3-403

* * *

§ 4-210. SECURITY INTEREST OF COLLECTING BANK IN ITEMS,
ACCOMPANYING DOCUMENTS AND PROCEEDS

* * *

(c) Receipt by a collecting bank of a final settlement for an item is a realization on its security interest in the item, accompanying documents, and proceeds. So long as

1 the bank does not receive final settlement for the item or give up possession of the
2 item or possession or control of the accompanying documents for purposes other than
3 collection, the security interest continues to that extent and is subject to ~~Article~~ article
4 9 of this title, but:

5 (1) no security agreement is necessary to make the security interest enforceable
6 (§ 9-203(b)(3)(A));

7 (2) no filing is required to perfect the security interest; and

8 (3) the security interest has priority over conflicting perfected security interests
9 in the item, accompanying documents, or proceeds.

10 * * *

11 Sec. B.8. 9A V.S.A. article 8 is amended to read:

12 ARTICLE 8. INVESTMENT SECURITIES

13 * * *

14 § 8-102. DEFINITIONS

15 (a) In this article:

16 * * *

17 (9) "Financial asset," except as otherwise provided in section 8-103 of this
18 title, means:

19 (i) a security;

20 (ii) an obligation of a person or a share, participation, or other interest in a
21 person or in property or an enterprise of a person, which is, or is of a type, dealt in or
22 traded on financial markets, or which is recognized in any area in which it is issued or
23 dealt in as a medium for investment; or

24 (iii) any property that is held by a securities intermediary for another person
25 in a securities account if the securities intermediary has expressly agreed with the
26 other person that the property is to be treated as a financial asset under this article.

27 As the context requires, the term means either the interest itself or the means by
28 which a person's claim to it is evidenced, including a certificated or uncertificated
29 security, a security certificate, or a security entitlement.

30 * * *

31 § 8-103. RULES FOR DETERMINING WHETHER CERTAIN
32 OBLIGATIONS AND INTERESTS ARE SECURITIES OR
33 FINANCIAL ASSETS

34 * * *

35 (g) A document of title is not a financial asset unless subdivision 8-102(a)(9)(iii)
36 of this title applies.

37 * * *

38 Sec. B.9. 9A V.S.A. article 9 is amended to read:

39 ARTICLE 9. SECURED TRANSACTIONS

40 * * *

41 § 9-102. DEFINITIONS AND INDEX OF DEFINITIONS

42 (a) In this article:

43 * * *

1 (30) "Document" means a document of title or a receipt of the type described
2 in ~~subdivision 7-201(2)~~ subsection 7-201(b) of this title.

3 * * *

4 (b) ~~The~~ "Control" as provided in section 7-106 of this title and the following
5 definitions in other articles apply to this article:

6 "Applicant" Section 5-102.

7 "Beneficiary" Section 5-102.

8 "Broker" Section 8-102.

9 "Certificated security" Section 8-102.

10 "Check" Section 3-104.

11 "Clearing corporation" Section 8-102.

12 "Contract for sale" Section 2-106.

13 "Customer" Section 4-104.

14 "Entitlement holder" Section 8-102.

15 "Financial asset" Section 8-102.

16 "Holder in due course" Section 3-302.

17 "Issuer" (with respect to a letter of
18 credit or letter-of-credit right) Section 5-102.

19 "Issuer" (with respect to documents of title) Section 7-102.

20 "Issuer" (with respect to a security) Section 8-201.

21 "Lease" Section 2A-103.

22 "Lease agreement" Section 2A-103.

23 "Lease contract" Section 2A-103.

24 "Leasehold interest" Section 2A-103.

25 "Lessee" Section 2A-103.

26 "Lessee in ordinary course of business" Section 2A-103.

27 "Lessor" Section 2A-103.

28 "Lessor's residual interest" Section 2A-103.

29 "Letter of credit" Section 5-102.

30 "Merchant" Section 2-104.

31 "Negotiable instrument" Section 3-104.

32 "Nominated person" Section 5-102.

33 "Note" Section 3-104.

34 "Proceeds of a letter of credit" Section 5-114.

35 "Prove" Section 3-103.

36 "Sale" Section 2-106.

37 "Securities account" Section 8-501.

38 "Securities intermediary" Section 8-102.

39 "Security" Section 8-102.

40 "Security certificate" Section 8-102.

41 "Security entitlement" Section 8-102.

42 "Uncertificated security" Section 8-102.

(c) Article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

* * *

§ 9-203. ATTACHMENT AND ENFORCEABILITY OF SECURITY
INTEREST; PROCEEDS; SUPPORTING OBLIGATIONS;
FORMAL REQUISITES

* * *

(b) Except as otherwise provided in subsections (c) through (i) of this section, a security interest is enforceable against the debtor and third parties with respect to the collateral only if:

(1) value has been given;

(2) the debtor has rights in the collateral or the power to transfer rights in the collateral to a secured party; and

(3) one of the following conditions is met:

(A) the debtor has authenticated a security agreement that provides a description of the collateral and, if the security interest covers timber to be cut, a description of the land concerned;

(B) the collateral is not a certificated security and is in the possession of the secured party under section 9-313 of this title pursuant to the debtor's security agreement;

(C) the collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under section 8-301 pursuant to the debtor's security agreement; or

(D) the collateral is deposit accounts, electronic chattel paper, investment property, ~~or~~ letter-of-credit rights, or electronic documents, and the secured party has control under section 7-106, 9-104, 9-105, 9-106, or 9-107 of this title pursuant to the debtor's security agreement.

* * *

§ 9-207. RIGHTS AND DUTIES OF SECURED PARTY HAVING
POSSESSION OR CONTROL OF COLLATERAL

* * *

(c) Except as otherwise provided in subsection (d) of this section, a secured party having possession of collateral or control of collateral under section 7-106, 9-104, 9-105, 9-106, or 9-107 of this title:

(1) may hold as additional security any proceeds, except money or funds, received from the collateral;

(2) shall apply money or funds received from the collateral to reduce the secured obligation, unless remitted to the debtor; and

(3) may create a security interest in the collateral.

* * *

§ 9-208. ADDITIONAL DUTIES OF SECURED PARTY HAVING
CONTROL OF COLLATERAL

* * *

(b) Within 10 days after receiving an authenticated demand by the debtor:

* * *

(4) a secured party having control of investment property under section 8-106(d)(2) or 9-106(b) shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained an authenticated record that releases the securities intermediary or commodity intermediary from any further obligation to comply with entitlement orders or directions originated by the secured party; ~~and~~

(5) a secured party having control of a letter-of-credit right under section 9-107 shall send to each person having an unfulfilled obligation to pay or deliver proceeds of the letter of credit to the secured party an authenticated release from any further obligation to pay or deliver proceeds of the letter of credit to the secured party; and

(6) a secured party having control of an electronic document shall:

(A) give control of the electronic document to the debtor or its designated custodian;

(B) if the debtor designates a custodian that is the designated custodian with which the authoritative copy of the electronic document is maintained for the secured party, communicate to the custodian an authenticated record releasing the designated custodian from any further obligation to comply with instructions originated by the secured party and instructing the custodian to comply with instructions originated by the debtor; and

(C) take appropriate action to enable the debtor or its designated custodian to make copies of or revisions to the authoritative copy which add or change an identified assignee of the authoritative copy without the consent of the secured party.

* * *

§ 9-301. LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY INTERESTS

Except as otherwise provided in sections 9-303 through 9-306 of this title, the following rules determine the law governing perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral:

* * *

(3) Except as otherwise provided in subdivision (4) of this section, while tangible negotiable documents, goods, instruments, money, or tangible chattel paper is located in a jurisdiction, the local law of that jurisdiction governs:

* * *

§ 9-310. WHEN FILING REQUIRED TO PERFECT SECURITY INTEREST OR AGRICULTURAL LIEN; SECURITY INTERESTS AND AGRICULTURAL LIENS TO WHICH FILING PROVISIONS DO NOT APPLY

* * *

(b) The filing of a financing statement is not necessary to perfect a security interest:

* * *

(5) in certificated securities, documents, goods, or instruments which is perfected without filing, control, or possession under section 9-312(e), (f), or (g);
(6) in collateral in the secured party's possession under section 9-313;
(7) in a certificated security which is perfected by delivery of the security certificate to the secured party under section 9-313;
(8) in deposit accounts, electronic chattel paper, electronic documents, investment property, or letter-of-credit rights which is perfected by control under section 9-314;

* * *

§ 9-312. PERFECTION OF SECURITY INTERESTS IN CHATTEL
PAPER, DEPOSIT ACCOUNTS, DOCUMENTS, GOODS
COVERED BY DOCUMENTS, INSTRUMENTS, INVESTMENT
PROPERTY, LETTER-OF-CREDIT RIGHTS, AND MONEY;
PERFECTION BY PERMISSIVE FILING; TEMPORARY
PERFECTION WITHOUT FILING OR TRANSFER OF
POSSESSION

* * *

(e) A security interest in certificated securities, negotiable documents, or instruments is perfected without filing or the taking of possession or control for a period of 20 days from the time it attaches to the extent that it arises for new value given under an authenticated security agreement.

* * *

§ 9-313. WHEN POSSESSION BY OR DELIVERY TO SECURED PARTY
PERFECTS SECURITY INTEREST WITHOUT FILING

(a) Perfection by possession or delivery. Except as otherwise provided in subsection (b), a secured party may perfect a security interest in tangible negotiable documents, goods, instruments, money, or tangible chattel paper by taking possession of the collateral. A secured party may perfect a security interest in certificated securities by taking delivery of the certificated securities under section 8-301.

* * *

§ 9-314. PERFECTION BY CONTROL

(a) A security interest in investment property, deposit accounts, letter-of-credit rights, ~~or~~ electronic chattel paper, or electronic documents may be perfected by control of the collateral under section 7-106, 9-104, 9-105, 9-106, or 9-107.

(b) A security interest in deposit accounts, electronic chattel paper, ~~or~~ letter-of-credit rights, or electronic documents is perfected by control under section 7-106, 9-104, 9-105, or 9-107 when the secured party obtains control and remains perfected by control only while the secured party retains control.

* * *

§ 9-317. INTERESTS THAT TAKE PRIORITY OVER OR TAKE FREE OF
SECURITY INTEREST OR AGRICULTURAL LIEN

* * *

(b) Except as otherwise provided in subsection (e) of this section, a buyer, other than a secured party, of tangible chattel paper, tangible documents, goods, instruments, or a certificated security takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(c) Except as otherwise provided in subsection (e) of this section, a lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(d) A licensee of a general intangible or a buyer, other than a secured party, of ~~collateral other than tangible chattel paper, tangible documents, goods, instruments, or accounts, electronic chattel paper, electronic documents, general intangibles, or investment property other than~~ a certificated security takes free of a security interest if the licensee or buyer gives value without knowledge of the security interest and before it is perfected.

* * *

§ 9-338. PRIORITY OF SECURITY INTEREST OR AGRICULTURAL
LIEN PERFECTED BY FILED FINANCING STATEMENT
PROVIDING CERTAIN INCORRECT INFORMATION

If a security interest or agricultural lien is perfected by a filed financing statement providing information described in subdivision 9-516(b)(5) of this title which is incorrect at the time the financing statement is filed:

(1) the security interest or agricultural lien is subordinate to a conflicting perfected security interest in the collateral to the extent that the holder of the conflicting security interest gives value in reasonable reliance upon the incorrect information; and

(2) a purchaser, other than a secured party, of the collateral takes free of the security interest or agricultural lien to the extent that, in reasonable reliance upon the incorrect information, the purchaser gives value and, in the case of tangible chattel paper, tangible documents, goods, instruments, or a security certificate, receives delivery of the collateral.

* * *

§ 9-601. RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT;
CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER,
PAYMENT INTANGIBLES, OR PROMISSORY NOTES

* * *

(b) A secured party in possession of collateral or control of collateral under section 7-106, 9-104, 9-105, 9-106, or 9-107 has the rights and duties provided in section 9-207.

* * *

C. Workforce Education, Training, and Development
* * * Vermont Strong Scholars and Internship Initiative * * *
Sec. C.1. VERMONT STRONG SCHOLARS LOAN FORGIVENESS

1 FINDINGS; INTENT

2 The General Assembly finds that the fundamental fairness, integrity, and success
3 of the Vermont Strong Scholars loan forgiveness program under Sec. C.2 of this act,
4 whereby graduating high school students will be counseled and encouraged to apply
5 to Vermont schools, take certain courses, graduate and then take certain Vermont jobs,
6 in exchange for student loan forgiveness, is critically dependent on the State providing
7 reliable, sustainable, and adequate funding for the loan forgiveness.

8 Sec. C.2. 16 V.S.A. § 2888 is amended to read:

9 § 2888. VERMONT STRONG SCHOLARS **AND INTERNSHIP**

10 INITIATIVE

11 (a) Creation.

12 (1) There is created a postsecondary loan forgiveness **and internship** initiative
13 designed to forgive a portion of Vermont Student Assistance Corporation loans of
14 students employed in **economic sectors occupations** identified as important to
15 Vermont's economy and to build **internship** opportunities for students to gain work
16 experience with Vermont employers.

17 (2) The initiative shall be known as the Vermont Strong Scholars **and**
18 **Internship** Initiative and is designed to:

19 (A) encourage students to:

20 (i) consider **jobs in economic sectors occupations** that are critical to the
21 Vermont economy;

22 (ii) enroll and remain enrolled in a Vermont postsecondary institution;
23 and

24 (iii) live **and work** in Vermont upon graduation;

25 (B) reduce student loan debt for postsecondary **education in targeted fields**
26 **degrees involving a course of study related to, and resulting in, employment in target**
27 **occupations; and**

28 (C) **provide experiential learning through internship opportunities with**
29 **Vermont employers; and**

30 **(D) support a pipeline steady stream** of qualified talent for employment
31 **with** Vermont's employers.

32 (b) Vermont Strong Loan Forgiveness Program.

33 (1) **Economic sectors Occupations;** projections.

34 (A) Annually, on or before November 15, the Secretary of Commerce and
35 Community Development and the Commissioner of Labor, in consultation with the
36 Vermont State Colleges, the University of Vermont, **the Association of Vermont**
37 **Independent Colleges,** the Vermont Student Assistance Corporation, the Secretary of
38 Human Services, and the Secretary of Education, shall identify **economic sectors**
39 **occupations,** projecting at least four years into the future, that are or will be critical to
40 the Vermont economy.

41 (B) Based upon the identified **economic sectors occupations** and the number
42 of students anticipated to qualify for loan forgiveness under this section, the Secretary
43 of Commerce and Community Development shall annually provide the General

1 Assembly with the estimated cost of the Vermont Student Assistance Corporation's
2 loan forgiveness awards under the Loan Forgiveness Program during the then-current
3 fiscal year and each of the four following fiscal years.

4 (2) Eligibility. A graduate of a public or private Vermont postsecondary
5 institution shall be eligible for forgiveness of a portion of his or her Vermont Student
6 Assistance Corporation postsecondary education loans under this section if he or she:

7 (A) was a Vermont resident, as defined in subdivision 2822(7) of this title,
8 at the time he or she was graduated;

9 (B) enrolled in his or her first year of study at a postsecondary institution on
10 or after July 1, 2015 and completed an associate's degree within three years, or a
11 bachelor's degree within six years of his or her enrollment date;

12 (C) becomes employed on a full-time basis in Vermont within 12 months of
13 graduation in an ~~economic sector~~ occupation identified by the Secretary and
14 Commissioner under subdivision (1) of this subsection;

15 (D) remains employed on a full-time basis in Vermont throughout the
16 period of loan forgiveness in an ~~economic sector~~ occupation identified by the
17 Secretary and Commissioner under subdivision (1) of this subsection; and

18 (E) remains a Vermont resident throughout the period of loan forgiveness.

19 (3) Loan forgiveness. An eligible individual shall have a portion of his or her
20 Vermont Student Assistance Corporation loan forgiven as follows:

21 (A) ~~For~~ for an individual awarded an associate's degree, in an amount equal
22 to the comprehensive in-state tuition rate for 15 credits at the Vermont State Colleges
23 during the individual's final semester of enrollment, to be prorated over the three
24 years following graduation;

25 (B) ~~For~~ for an individual awarded a bachelor's degree, in an amount equal
26 to the comprehensive in-state tuition rate for 30 credits at the Vermont State Colleges
27 during the individual's final year of enrollment, to be prorated over the five years
28 following graduation;

29 (C) ~~Loan~~ loan forgiveness may be awarded on a prorated basis to an
30 otherwise eligible Vermont resident who transfers to ~~and is graduated from~~ a Vermont
31 postsecondary institution and graduates after July 1, 2017, with an associate's degree
32 or after July 1, 2019, with a bachelor's degree.

33 (4) Management.

34 (A) The Secretary of Commerce and Community Development shall
35 develop all organizational details of the Loan Forgiveness Program consistent with the
36 purposes and requirements of this section.

37 (B) The Secretary shall enter into a memorandum of understanding with the
38 Vermont Student Assistance Corporation for management of the Loan Forgiveness
39 Program.

40 (C) The Secretary may adopt rules pursuant to 3 V.S.A. chapter 25
41 necessary to implement the Program.

42 ~~(e) Vermont Strong Internship Program.~~

43 ~~(1) Internship Program management.~~

1 (A) The Commissioner of Labor and the Secretary of Commerce and
2 Community Development shall jointly develop and implement the organizational
3 details of the Internship Program consistent with the purposes and requirements of this
4 section and may adopt rules pursuant to 3 V.S.A. chapter 25 necessary to. The
5 Commissioner shall implement the Internship Program and shall have the authority to
6 adopt rules pursuant to 3 V.S.A. chapter 25 necessary to implement the Program
7 pursuant to this section.

8 (B) The Commissioner, in consultation with the Secretary, shall issue a
9 request for proposals for a person to serve as an Internship Program Intermediary,
10 who shall perform the duties and responsibilities pursuant to the terms of a
11 performance contract negotiated by the Commissioner and the Intermediary

12 (2) The Commissioner and the Secretary shall design the Vermont Strong
13 Internship Program to complement and coordinate with the Vermont Career Internship
14 Program in 10 V.S.A. § 544.

15 (C)(3) The Department of Labor, the Agency of Commerce and
16 Community Development, and the regional development corporations, and the
17 Intermediary, shall have responsibility for building connections within the business
18 community to ensure broad private sector participation in the Internship Program.

19 (D)(4) The Program Intermediary Commissioner of Labor shall:

20 (i)(A) identify and foster postsecondary internships that are rigorous,
21 productive, well managed, and mentored;

22 (ii)(B) cultivate coordinate relationships with between and among
23 employers, employer focused organizations, and State and regional government
24 bodies;

25 (iii)(C) build relationships with Vermont postsecondary institutions and
26 facilitate recruitment of students to apply for available internships;

27 (iv)(D) create and maintain a registry of participating employers and
28 associated internship opportunities develop a clearinghouse of information and
29 opportunities for internships; and

30 (v) coordinate and provide support to the participating student, the
31 employer, and the student's postsecondary institution;

32 (vi) develop and oversee a participation contract between each student
33 and employer, including terms governing the expectations for the internship, a work
34 plan, mentoring and supervision of the student, reporting by the employer and student,
35 and compensation terms; and

36 (vii) carry out any additional activities and duties as directed by the
37 Commissioner.

38 (2) Qualifying internships.

39 (A) Criteria. To qualify for participation in the Internship Program an
40 internship shall at minimum:

41 (i) be with a Vermont employer as approved by the Intermediary in
42 consultation with the Commissioner and Secretary;

1 (ii) pay compensation to an intern of at least the prevailing minimum
2 wage; and

3 (iii) meet the quality standards and expectations as established by the
4 Intermediary.

5 (B) Employment of interns. Interns shall be employed by the sponsoring
6 employer except, with the approval of the Commissioner on a case-by-case basis,
7 interns may be employed by the Intermediary and assigned to work with a
8 participating Vermont employer, in which case the sponsoring employer shall
9 contribute funds as determined by the Commissioner.

10 (3) Student eligibility. To participate in the Internship Program, an individual
11 shall be:

12 (A) a Vermont resident enrolled in a postsecondary institution in or outside
13 Vermont;

14 (B) a student who graduated from a postsecondary institution within 24
15 months of entering the program who was classified as a Vermont resident during that
16 schooling or who is a student who attended a postsecondary institution in Vermont; or

17 (C) a student enrolled in a Vermont postsecondary institution.

18 (d) Funding.

19 (1) Loan Forgiveness Program.

20 (A) Loan forgiveness; State funding.

21 (i) There is created a special fund to be known as the Vermont Strong
22 Scholars Fund pursuant to 32 V.S.A. chapter 7, subchapter 5, which shall be used and
23 administered by the Secretary of Commerce and Community Development solely for
24 the purposes of loan forgiveness pursuant to this section.

25 (ii) The Fund shall consist of sums to be identified by the Secretary from
26 any source accepted for the benefit of the Fund and interest earned from the
27 investment of Fund balances.

28 (iii) Any interest earned and any remaining balance at the end of the
29 fiscal year shall be carried forward in the Fund.

30 (iv) The availability and payment of loan forgiveness awards under this
31 subdivision chapter is subject to State funding available for the awards.

32 (B) Loan forgiveness; Vermont Student Assistance Corporation. The
33 Vermont Student Assistance Corporation shall have the authority to grant loan
34 forgiveness pursuant to this section by using the private loan forgiveness capacity
35 associated with bonds issued by the Corporation to raise funds for private loans that
36 are eligible for forgiveness under this section, if available.

37 (2) Internship Program. Notwithstanding any provision of law to the contrary,
38 the Commissioner of Labor shall have the authority to use funds allocated to the
39 Workforce Education and Training Fund established in 10 V.S.A. § 543 to implement
40 the Internship Program created in this section. [Reserved]

* * * Workforce Education and Training Fund * * *

Sec. C.3. 10 V.S.A. chapter 22A is amended to read:

CHAPTER 22A. WORKFORCE EDUCATION AND TRAINING

* * *

§ 543. WORKFORCE EDUCATION AND TRAINING FUND; GRANT
PROGRAMS

(a) Creation. There is created a Workforce Education and Training Fund in the Department of Labor to be managed in accordance with 32 V.S.A. chapter 7, subchapter 5.

(b) Purposes. ~~The Fund shall be used exclusively~~ Department shall use the Fund for the following purposes:

(1) training for Vermont workers, including those who are unemployed, underemployed, or in transition from one job or career to another; and

(2) internships to provide students with work-based learning opportunities with Vermont employers; ~~and~~

(3) ~~apprenticeship-related instruction~~ apprenticeship, preapprenticeship, and industry-recognized credential training; and

(4) ~~other workforce development initiatives related to current and future job opportunities in Vermont as determined by the Commissioner of Labor.~~

(c) ~~Administrative Support and other support. Administrative~~ The Department of Labor shall provide administrative support for the grant award process shall be provided by the Department of Labor. Technical support shall be provided whenever, When appropriate and reasonable by the State Workforce Investment Board and all other public entities involved in economic development and workforce education and training shall provide other support in the process.

(d) ~~Eligible Activities. Awards activities.~~

(1) ~~The Department shall grant awards from the Fund shall be made to employers and entities that offer programs that require collaboration between employees and businesses, including private, public, and nonprofit entities, institutions of higher education, high schools, technical centers, and workforce education and training programs. Funding shall be for training programs and student internship programs that:~~

(A) create jobs, offer education, training, apprenticeship, preapprenticeship and industry-recognized credentials, mentoring, or work-based learning activities, or any combination;

(B) that employ innovative-intensive student-oriented competency-based or collaborative approaches to workforce education and training; and

(C) that link workforce education and economic development strategies.
~~Training~~

(2) The Department may fund programs or projects that demonstrate actual increased income and economic opportunity for employees and employers ~~may be funded~~ for more than one year.

1 ~~(3) Student~~ The Department may fund student internships and training
2 programs that involve the same employer ~~may be funded multiple times, provided that~~
3 ~~new students participate in multiple years with approval of the Commissioner.~~

4 (e) [Repealed].

5 (f) Awards. The Commissioner of Labor, in consultation with the Chair of the
6 State Workforce Investment Board, shall develop award criteria and may ~~make~~ grant
7 awards to the following:

8 (1) Training Programs.

9 (A) Public, private, and nonprofit entities, including employers and
10 education and training providers, for existing or new ~~innovative~~ training programs that
11 enhance the skills of Vermont workers and:

12 (i) train workers for trades or occupations that are expected to lead to
13 jobs paying at least 200 percent of the current minimum wage or at least 150 percent
14 if benefits are included; this requirement may be waived when warranted based on
15 regional or occupational wages or economic reality;

16 (ii) do not duplicate, supplant, or replace other available ~~programs~~
17 training funded with public money;

18 (iii) ~~articulate clear goals and demonstrate readily accountable,~~
19 ~~reportable, and measurable results~~ provide a project timeline, including performance
20 goals, and identify how the effectiveness and outcomes of the program will be
21 measured, including for the individual participants, the employers, and the program as
22 a whole; and

23 (iv) ~~demonstrate an integrated connection between training and specific~~
24 ~~new or continuing employment opportunities~~ articulate the need for the training and
25 the direct connection between the training and the job.

26 (B) ~~Awards~~ The Department shall grant awards under this subdivision ~~shall~~
27 ~~be made~~ (1) to programs or projects that:

28 (i) offer innovative programs of intensive, student-centric, competency-
29 based education, training, apprenticeship, preapprenticeship and industry-recognized
30 credentials, mentoring, or any combination of these;

31 (ii) address the needs of workers who are unemployed, underemployed,
32 or are at risk of becoming unemployed ~~due to changing workplace demands by~~
33 ~~increasing productivity and developing new skills for incumbent workers, and workers~~
34 who are in transition from one job or career to another; ~~or~~

35 (iii) address the needs of employers to hire new employees, or retrain
36 incumbent workers, when the employer has demonstrated a need not within the
37 normal course of business, with priority to training that results in new or existing job
38 openings for which the employer intends to hire; or

39 (iv) in the discretion of the Commissioner, otherwise serve the purposes
40 of this chapter.

41 (2) Vermont Career Internship Program. Funding for eligible internship
42 programs and activities under the Vermont Career Internship Program established in
43 section 544 of this title.

1 (3) Apprenticeship Program. The Vermont Apprenticeship Program
2 established under 21 V.S.A. chapter 13. Awards under this subdivision may be used
3 to fund the cost of apprenticeship-related instruction provided by the Department of
4 Labor.

5 (g) [Repealed.]

6 § 544. VERMONT CAREER INTERNSHIP PROGRAM

7 (a)(1) The Department of Labor, in consultation with the Agency of Education,
8 shall develop, and ~~the Department shall implement,~~ a statewide Vermont Career
9 Internship Program for ~~Vermonters~~ students who are in high school or in college and
10 for those who are recent graduates of 24 months or less.

11 (2) The Department of Labor shall coordinate and provide funding to public
12 and private entities for internship programs that match Vermont employers with
13 students from public and private secondary schools, regional technical centers, the
14 Community High School of Vermont, colleges, and recent graduates of 24 months or
15 less.

16 (3) Funding awarded through the Vermont Career Internship Program may be
17 used to build and administer an internship program and to provide participants with a
18 stipend during the internship, based on need. Funds may be made only to programs or
19 projects that ~~do all the following~~:

20 (A) do not replace or supplant existing positions;

21 (B) expose students to the workplace or create real workplace expectations
22 and consequences;

23 (C) provide a process that measures progress toward mastery of skills,
24 attitude, behavior, and sense of responsibility required for success in that workplace;

25 (D) are designed to motivate and educate ~~secondary and postsecondary~~
26 ~~students and recent graduates~~ participants through work-based learning opportunities
27 with Vermont employers ~~that are likely to lead to real employment~~;

28 (E) include mechanisms that promote employer involvement with
29 secondary and postsecondary students and curriculum and the delivery of education at
30 the participating schools; ~~and or~~

31 (F) offer participants a continuum of learning, experience, and relationships
32 with employers that will make it financially possible and attractive for graduates to
33 continue to work and live in Vermont.

34 (4) As used in this section, "internship" means a learning experience working
35 with an employer where the intern may, but does not necessarily, receive academic
36 credit, financial remuneration, a stipend, or any combination of these.

37 (b) The Department of Labor, in collaboration with the Agencies of Agriculture,
38 Food and Markets and of Education, State-funded postsecondary educational
39 institutions, the State Workforce Investment Board, and other State agencies and
40 departments that have workforce education and training and training monies, shall:

41 (1) identify new and existing funding sources that may be allocated to the
42 Vermont Career Internship Program;

(2) collect data and establish program goals and quantifiable performance measures that demonstrate program results for internship programs funded through the Vermont Career Internship Program;

(3) develop or enhance a website that will connect students and graduates with internship opportunities with Vermont employers;

(4) engage appropriate agencies and departments of the State in the Internship Program to expand internship opportunities with State government and with entities awarded State contracts; and

(5) work with other public and private entities to develop and enhance internship programs, opportunities, and activities throughout the State.

* * * Youth Employment Working Group * * *

Sec. C.4. YOUTH EMPLOYMENT WORKING GROUP

~~(a) There is created a youth employment working group to recommend measures to increase work experience opportunities for 16 and 17 year olds in Vermont.~~

~~(b) The group shall be composed of the following members:~~

~~(1) the Commissioner of Labor or designee;~~

~~(2) the Department of Labor Workforce Education and Training Coordinator;~~

~~(3) the Secretary of Education or designee;~~

~~(4) the Secretary of Commerce and Community Development or designee;~~

~~(5) one member from a regional technical center to be appointed by the~~

~~Secretary of Education;~~

~~(6) one member from the House of Representatives to be appointed by the~~

~~Speaker;~~

~~(7) one member of the Senate to be appointed by the Committee on~~

~~Committees;~~

~~(8) one member of the Associated General Contractors of Vermont;~~

~~(9) one member of the labor community to be appointed by the Governor; and~~

~~(10) one member appointed by the Vermont Insurance Agents Association.~~

~~(c) The group shall:~~

~~(1) study how to increase work experience opportunities for 16 and 17 year olds, including issues of financing, insurance requirements, workplace safety, and educational requirements;~~

~~(2) make recommendations to increase work experience opportunities; and~~

~~(3) develop the metrics to assess the progress to increase work experience opportunities;~~

~~(d) The Commissioner of Labor shall convene the first meeting of the group, at which meeting the members of the group shall elect a chair.~~

~~(e) Legislative members of the group shall be entitled to compensation and expenses as provided in 2 V.S.A. § 406 for not more than four meetings;~~

~~(f) The Department of Labor shall provide administrative support to the group.~~

~~(g) On or before January 15, 2016, the group shall report its findings and recommended draft legislation to the House Committee on Commerce and Economic~~

Development and the Senate Committee on Economic Development, Housing and
General Affairs.

* * * Vermont Governor's Committee on Employment
of People with Disabilities * * *

Sec. C.5. 21 V.S.A. § 497a is amended to read:

§ 497a. COMMITTEE ESTABLISHED

There is hereby established a permanent committee to be known as the Vermont
~~governor's committee on employment of people with disabilities~~ Governor's
Committee on Employment of People with Disabilities, to consist of ~~24~~ 23 members,
including ~~a one representative of each from the Vermont employment service division~~
Department of Labor's Workforce Development Division and the Jobs for Veterans
State Grant, one representative ~~of from the vocational rehabilitation division of the~~
~~department of disabilities, aging, and independent living~~ Department of Disabilities,
Aging, and Independent Living, Vocational Rehabilitation Division and one from the
Division for the Blind and Visually Impaired, one representative of the ~~veterans'~~
~~administration, one representative of the veterans' employment service~~ U.S.
Department of Veterans Affairs, one representative of the State of Vermont Office of
Veterans Affairs, and 17 members to be appointed by the ~~governor~~ Governor. The
appointive members shall hold office for the term specified or until their successors
are named by the ~~governor~~ Governor. The members shall receive no salary for their
services as such, but the necessary expenses of the ~~committee~~ Committee shall be paid
by the ~~state~~ State. ~~Those persons acting as said committee on June 29, 1963 shall~~
~~continue as such until their successors are appointed as herein provided.~~

* * * Vermont ABLE Savings Program * * *

Sec. C.6. PURPOSE

The purpose of this act is:

(1) to encourage and assist individuals and families in saving private funds for
the purpose of supporting individuals with disabilities in maintaining health,
independence, and quality of life.

(2) to provide secure funding for disability-related expenses on behalf of
designated beneficiaries with disabilities that will supplement, but not supplant,
benefits provided through private insurance, the Medicaid program under Title XIX of
the Social Security Act, the supplemental security income program under Title XVI of
such Act, the beneficiary's employment, and other sources.

Sec. C.7. 33 V.S.A. chapter 80 is added to read:

CHAPTER 80. VERMONT ACHIEVING A BETTER LIFE
EXPERIENCE (ABLE) SAVINGS PROGRAM

§ 8001. PROGRAM ESTABLISHED

(a) The State Treasurer or designee shall have the authority to establish the
Vermont Achieving A Better Life Experience (ABLE) Savings Program consistent
with the provisions of this chapter under which a person may make contributions for a
taxable year, for the benefit of an individual who is an eligible individual for such

1 taxable year, to an ABLE account which is established for the purpose of meeting the
2 qualified disability expenses of the designated beneficiary of the account; and which:

3 (1) limits a designated beneficiary to one ABLE account for purposes of this
4 section;

5 (2) allows for the establishment of an ABLE account only for a designated
6 beneficiary who is a resident of Vermont or a resident of a contracting State; and

7 (3) meets the other requirements of this chapter.

8 (b)(1) The Treasurer or designee may solicit proposals from financial
9 organizations to implement the Program as account depositories and managers.

10 (2) A financial organization that submits a proposal shall describe the
11 investment instruments which will be held in accounts.

12 (3) The Treasurer shall select from among the applicants one or more financial
13 organizations that demonstrate the most advantageous combination, both to potential
14 program participants and this State, of the following criteria:

15 (A) the financial stability and integrity of the financial organization;

16 (B) the safety of the investment instrument offered;

17 (C) the ability of the financial organization to satisfy recordkeeping and
18 reporting requirements;

19 (D) the financial organization's plan for promoting the program and the
20 investment the organization is willing to make to promote the program;

21 (E) the fees, if any, proposed to be charged to the account owners;

22 (F) the minimum initial deposit and minimum contributions that the
23 financial organization will require;

24 (G) the ability of the financial organization to accept electronic
25 withdrawals, including payroll deduction plans; and

26 (H) other benefits to the State or its residents included in the proposal,
27 including fees payable to the State to cover expenses of operation of the Program.

28 (c) The Treasurer or designee shall have the authority to adopt rules, policies, and
29 procedures necessary to implement the provisions of this chapter and comply with
30 applicable federal law.

31 § 8002. DEFINITIONS

32 In this chapter:

33 (1) "ABLE account" means an account established by an eligible individual,
34 owned by the eligible individual, and maintained under the Vermont ABLE Savings
35 Program.

36 (2) "Designated beneficiary" means the eligible individual who establishes an
37 ABLE account under this chapter and is the owner of the account.

38 (3) "Disability certification" means a certification to the satisfaction of the
39 Secretary by the individual or the parent or guardian of the individual that:

40 (A) certifies that:

41 (i) the individual has a medically determinable physical or mental
42 impairment, which results in marked and severe functional limitations, and which can
43 be expected to result in death or which has lasted or can be expected to last for a

1 continuous period of not less than 12 months, or the individual is blind within the
2 meaning of Section 1614(a)(2) of the Social Security Act, and

3 (ii) such blindness or disability occurred before the individual attained
4 26 years of age; and

5 (B) includes a copy of the individual's diagnosis relating to the individual's
6 relevant impairment or impairments, signed by a physician meeting the criteria of
7 Section 1861(r)(1) of the Social Security Act.

8 (4) "Eligible individual" means:

9 (A) a person who during a taxable year is entitled to benefits based on
10 blindness or disability under Title II or XVI of the Social Security Act, and such
11 blindness or disability occurred before the date on which the individual attained 26
12 years of age; or

13 (B) a person for whom a disability certification is filed with the Secretary
14 for the taxable year.

15 (5) "Financial organization" means an organization authorized to do business
16 in this State and that is:

17 (A) licensed or chartered by the Department of Financial Regulation;

18 (B) chartered by an agency of the federal government; or

19 (C) subject to the jurisdiction and regulation of the federal Securities and
20 Exchange Commission.

21 (6) "Member of family" means a brother, sister, stepbrother, or stepsister of a
22 designated beneficiary.

23 (7) "Qualified disability expense" means an expense related to the eligible
24 individual's blindness or disability which is made for the benefit of an eligible
25 individual who is the designated beneficiary, including the following expenses:
26 education, housing, transportation, employment training and support, assistive
27 technology and personal support services, health, prevention and wellness, financial
28 management and administrative services, legal fees, expenses for oversight and
29 monitoring, funeral and burial expenses, and other expenses, which are approved by
30 the Secretary under regulations and consistent with the purposes of this section.

31 (8) "Secretary" means the Secretary of the U.S. Department of the Treasury.
32 § 8003. PROGRAM LIMITATIONS

33 (a) Cash contributions. The Treasurer or designee shall not accept a contribution:

34 (1) unless it is in cash; or

35 (2) except in the case of a contribution under 26 U.S.C. § 529A(c)(1)(C)
36 (relating to a change in a designated beneficiary or program), if such contribution to
37 an ABLE account would result in aggregate contributions from all contributors to the
38 ABLE account for the taxable year exceeding the amount in effect under subsection
39 2503(b) of this title for the calendar year in which the taxable year begins.

40 (b) Separate accounting. The Treasurer or designee shall provide separate
41 accounting for each designated beneficiary.

1 (c) Limited investment direction. A designated beneficiary may, directly or
2 indirectly, direct the investment of any contributions to the Vermont ABLE Savings
3 Program, or any earnings thereon, no more than two times in any calendar year.

4 (d) No pledging of interest as security. A person shall not use an interest in the
5 Vermont ABLE Savings Program, or any portion thereof, as security for a loan.

6 (e) Prohibition on excess contributions. The Treasurer or designee shall adopt
7 adequate safeguards under the Vermont ABLE Savings Program to prevent aggregate
8 contributions on behalf of a designated beneficiary in excess of the limit established
9 by the State pursuant to 26 U.S.C. § 529(b)(6).

10 § 8004. REPORTS

11 (a) In general. The Treasurer or designee shall make such reports regarding the
12 Program to the Secretary and to designated beneficiaries with respect to contributions,
13 distributions, the return of excess contributions, and such other matters as the
14 Secretary may require.

15 (b) Notice of establishment of account. The Treasurer or designee shall submit a
16 notice to the Secretary upon the establishment of an ABLE account that includes the
17 name and state of residence of the designated beneficiary and such other information
18 as the Secretary may require.

19 (c) Electronic distribution statements. The Treasurer or designee shall submit
20 electronically on a monthly basis to the Commissioner of Social Security, in the
21 manner specified by the Commissioner, statements on relevant distributions and
22 account balances from all ABLE accounts created under the Vermont ABLE Savings
23 Program.

24 (d) Requirements. The Treasurer or designee shall file the reports and notices
25 required under this section at such time and in such manner and furnished to such
26 individuals at such time and in such manner as may be required by the Secretary.
27 Sec. C.8. VERMONT ABLE TASK FORCE; REPORTS

28 The State Treasurer shall convene a Vermont ABLE Task Force to include
29 representatives of the Department of Disabilities, Aging, and Independent Living, the
30 Vermont Developmental Disabilities Council, Vermont Center for Independent
31 Living; Green Mountain Self-Advocates, and other stakeholders with relevant
32 expertise, to provide recommendations on or before January 15, 2016 to the House
33 Committee on Commerce and Economic Development and the Senate Committee on
34 Economic Development, Housing and General Affairs on planning and delivery of the
35 ABLE Savings Program, including:

- 36 (1) promotion and marketing of the Program;
37 (2) rules governing operation of ABLE accounts, including mechanisms for
38 consumer convenience;
39 (3) fees charged to account owners;
40 (4) future enhancements to protect from the loss of State benefits as may be
41 necessary to fulfill the intent of the ABLE Act;
42 (5) the composition and charge of an ABLE Advisory Board; and

(6) a progress update on implementation of the Program consistent with U.S. Treasury Department Rules, the Internal Revenue Code, and the federal ABLE Act (P.L. 113-295 of 2014).

* * * Enhancing Eligibility and Work Incentives for the Medicaid for Working
Persons with Disabilities Program * * *

Sec. C.9. MEDICAID FOR WORKING PEOPLE WITH DISABILITIES; RULEMAKING

(a) On or before October 1, 2015, the Agency of Human Services shall request permission from the Centers for Medicare and Medicaid Services (CMS) in order to increase to \$10,000.00 per individual and \$15,000.00 per couple the asset limit for eligibility for the Medicaid for Working People with Disabilities program. Within 30 days following CMS approval of the increased asset limit, the Agency of Human Services shall commence the rulemaking process pursuant to 3 V.S.A. chapter 25 to amend its rules accordingly.

(b) On or before October 1, 2015, the Agency of Human Services shall request permission from CMS to disregard the income of a spouse who is a Medicaid for Working People with Disabilities beneficiary when calculating the eligibility of the other spouse to receive traditional Medicaid benefits. Within 30 days following CMS approval of the income disregard, the Agency of Human Services shall commence the rulemaking process pursuant to 3 V.S.A. chapter 25 to amend its rules accordingly.

(c) On or before October 1, 2015, the Agency of Human Services shall request permission from CMS to disregard the income of an applicant's or beneficiary's spouse when determining the applicant's or beneficiary's eligibility for the Medicaid for Working People with Disabilities program, after a determination has been made that the applicant's or beneficiary's net family income is below 250 percent of the federal poverty level for a family of the applicable size. Within 30 days following CMS approval of the income disregard, the Agency of Human Services shall commence the rulemaking process pursuant to 3 V.S.A. chapter 25 to amend its rules accordingly.

(d) On or before October 1, 2015, the Agency of Human Services shall request permission from CMS to disregard Social Security retirement income for the purpose of calculating eligibility for the Medicaid for Working People with Disabilities program for beneficiaries who have reached the Social Security retirement age and whose Social Security Disability Insurance benefits have automatically converted to Social Security retirement benefits. Within 30 days following CMS approval of the income disregard, the Agency of Human Services shall commence the rulemaking process pursuant to 3 V.S.A. chapter 25 to amend its rules accordingly.

(e) The Agency of Human Services shall engage the assistance of benefits counselors at public and nonprofit organizations to increase public awareness of the Medicaid for Working People with Disabilities program and of other work incentives for individuals with disabilities.

(f) On or before January 15, 2016, the Agency of Human Services shall provide a report on the implementation of this section to the House Committees on Commerce

1 and Economic Development and on Human Services and to the Senate Committees on
2 Economic Development, Housing and General Affairs and on Health and Welfare.

3 * * * Vermont Career Technical Education * * *

4 Sec. C.10. VERMONT CAREER TECHNICAL EDUCATION

5 (a). Findings and intent.

6 (1) The “on time” graduation rate for high school students in Vermont is 86.6
7 percent (2013).

8 (2) The postsecondary continuation rate for 12th grade graduates is
9 approximately 60 percent. Many states have set a target of 80 percent for students
10 graduating from high school and transitioning to further education or training, or both.

11 (3) According to the Vermont Department of Labor, in 2014 the total number
12 of people considered as “underutilized” labor in Vermont was 31,700.

13 (4) Vermont’s workforce is aging, with 27.7 percent of all workers over 55
14 years of age.

15 (5) According to a report issued by the McClure Foundation, with assistance
16 from the Vermont Department of Labor, Labor Market Information Division, there are
17 currently, and will be, many high-wage, high-skill job openings in Vermont between
18 now and 2020.

19 (6) In order to support the creation and growth of high paid jobs in Vermont,
20 we must provide our students with the needed education, skills, and competencies for
21 these positions.

22 (7) Vermont’s Career and Technical Education Centers (CTEs) are a key
23 resource in preparing Vermonters for careers and meeting the workforce needs of
24 Vermont employers.

25 (8) CTE learning is designed to prepare students to be ready for their next step,
26 including further training, college, jobs, and careers.

27 (9) Vermont’s CTEs do not currently offer enough programs of study of the
28 size, scope, and quality necessary to prepare high school students for these current and
29 anticipated high-skill, high-wage, high-demand job openings.

30 (10) Due to the demands and complexity of these jobs, CTE programming
31 should provide new courses in a sequence from grades 9-12, including dual
32 enrollment, with smooth transitions to postsecondary training or further education, or
33 both.

34 (11) There is an approved project within the Vermont Comprehensive
35 Economic Development Strategies (CEDS) that identifies six high-priority cluster
36 programs of study which the Agency of Education is currently implementing:
37 Travel/Tourism and Business Systems (Culinary, Hospitality, Accounting,
38 Management, Entrepreneurship); Manufacturing/Engineering (STEM);
39 Construction/Green Building and Design; Agriculture, Local Food Systems, Natural
40 Resources; Information Technology (Networking, Software Development, Website
41 Design); Health/Medical.

42 (12) The CEDS project for high-priority CTE programs of study will provide
43 uniform high-quality programs at the centers throughout the State.

1 (13) The Vermont Department of Labor, the Agency of Commerce and
2 Community Development, the Agency of Education, and the Vermont State Colleges
3 should collaborate more closely to develop high school CTE programs of study,
4 including adult technical education programs, aligned with the needs of Vermont's
5 employers.

6 (14) In some cases, the funding models for the CTEs act as a disincentive for
7 school districts to send their students to regional technical centers.

8 (15) The purpose of this section is to direct the Department of Labor, the
9 Agency of Commerce and Community Development, the Agency of Education, and
10 the Vermont State Colleges to collaborate on how to better utilize Vermont's CTEs.

11 (b) Study and report. The Agency of Education, the Department of Labor, the
12 Agency of Commerce and Community Development, and the Vermont State Colleges
13 shall convene, develop suggestions, and report on or before December 1, 2015 to the
14 House Committees on Commerce and Economic Development and on Education and
15 the Senate Committees on Economic Development, Housing and General Affairs and
16 on Education on how Vermont's CTEs can be better utilized to provide training
17 aligned with high-wage, high-skills, high-demand employment opportunities in
18 Vermont, including:

19 (1) how the Agency of Education will develop priority pathway programs of
20 study with regional CTEs in collaboration with the Department of Labor, the Agency
21 of Commerce and Community Development, and the Vermont State Colleges;

22 (2) how these programs can include opportunities for post-secondary
23 enrollment in apprenticeships, internships, approved training programs,
24 sub-baccalaureate programs, and adult technical education programs;

25 (3) how to ensure equitable and appropriate access to CTE programs of study
26 developed and implemented in grades 9 through 12;

27 (4) what barriers or challenges exist to the development and implementation of
28 high-quality priority pathways as described in the CEDS approved project; and

29 (5) one or more recommendations to address the financial disincentive for
30 school districts to send students to the CTEs created by the CTE funding model.

31 **Sec. C.11. ADVANCED MANUFACTURING AND INFORMATION**
32 **TECHNOLOGY PROGRAMS; ANALYSIS**

33 (a) The **State Workforce Investment Board** shall conduct an analysis of the
34 workforce education and training programs in manufacturing, advanced
35 manufacturing, and information technology that currently exist in Vermont for
36 mechanical and technical skills, machinist training, web and graphic development,
37 coding, health care technology services, and other high-demand positions in Vermont.

38 (b) **On or before January 15, 2016, the Board shall provide a status report to**
39 **the House Committee on Commerce and Economic Development and to the**
40 **Senate Committee on Economic Development, Housing and General Affairs on**
41 **its findings and any recommendations.**

42 D. Tourism and Economic Development Marketing

43 **D.1. FINDINGS AND PURPOSE**

1 (a) The General Assembly finds:

2 (1) The State of Vermont is a worldwide leader in the global tourism market.
3 Visitors from around the world come to Vermont to recreate and the Vermont brand is
4 now recognized and admired throughout the world.

5 (2) Vermont is rapidly developing a reputation as a place where entrepreneurs
6 and innovators can succeed, and where they can come to start and grow great
7 businesses.

8 (3) The Department of Tourism and Marketing should continue its very
9 successful tourism marketing efforts in order to maintain our standing in the global
10 tourism market.

11 (4) The Department should also develop an economic development marketing
12 program, highlighting the many positive features that make Vermont a great place to
13 live, work, and do business, including:

14 (A) Vermont's long history of innovation, including agricultural, business,
15 and technical innovation; product design; and entrepreneurship;

16 (B) the multitude and diversity of successful start-up businesses in
17 environmental technology, health technology, advanced manufacturing, services
18 technology, biotechnology, recreation technology, and social technology;

19 (C) the benefits of Vermont's size, scale, and accessibility to government
20 officials and resources, which make Vermont a state where business can start, grow,
21 and prosper; and

22 (D) the benefits of Vermont's educational and workforce development
23 resources, and its highly skilled and highly educated population.

24 (b) The purpose of Secs. D.2 and D.3 of this act is to expand the mission of the
25 Department of Tourism and Marketing to ensure a focus on economic development
26 marketing.

27 Sec. D.2. 3 V.S.A. chapter 47 is amended to read:

28 CHAPTER 47: COMMERCE AND COMMUNITY DEVELOPMENT

29 ***

30 § 2472. DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
31 DEVELOPMENT

32 (a) The department of housing and community affairs is created within the agency
33 of commerce and community development Department of Housing and Community
34 Development is created within the Agency of Commerce and Community
35 Development. The department Department shall:

36 (1) Be the central state State agency to coordinate, consolidate, and operate, to
37 the extent possible, all housing programs enacted hereafter by the general assembly
38 General Assembly or created by executive order of the governor Governor.

39 (2) Be the central state State agency for local and regional planning and
40 coordination.

41 (3) Administer the community development block grant program pursuant to
42 10 V.S.A. chapter 29. When awarding municipal planning grants prior to fiscal year

2012, the department Department shall give priority to grants for downtowns, new town centers, growth centers, and Vermont neighborhoods.

(4) In partnership with the division for historic preservation Division of Historic Preservation, direct, supervise, and administer the Vermont downtown program, and any other program designed to preserve the continued economic vitality of the state's State's traditional commercial districts.

(b) Neither the Vermont state housing authority State Housing Authority or the Vermont home mortgage guarantee board agency Housing Finance Agency shall be considered part of the department of housing and community affairs Department, but shall keep the department Department advised of programs and activities being conducted.

§ 2473. DIVISION FOR HISTORIC PRESERVATION

The division for historic preservation Division of Historic Preservation is created within the department of housing and community affairs Department of Housing and Community Development as the successor to and the continuation of the board of historic sites Board of Historic Sites and the division of historic sites Division of Historic Sites.

§ 2476. DEPARTMENT OF TOURISM AND MARKETING

(a) The department of tourism and marketing of the agency is created, as successor to the department of travel The Department of Tourism and Marketing is created within the Agency of Commerce and Community Development. The department Department shall be administered by a commissioner Commissioner.

(b) Tourism marketing. The department of tourism and marketing Department shall be responsible for the promotion of Vermont goods and services as well as the promotion of Vermont's travel, recreation, and cultural attractions through advertising and other informational programs, and for provision of travel and recreation information and services to visitors to the state State, in coordination with other agencies of state State government, chambers of commerce and travel associations, and the private sector in order to increase the benefits of tourism marketing, including:

(1) enhancing Vermont's image as a tourist destination in the regional, national, and global marketplace;

(2) increasing occupancy rates;

(3) increasing visitor spending throughout the State; and

(4) increasing State revenues generated through the rooms and meals tax;

(c) Economic development marketing. The Department shall be responsible for the promotion of Vermont as great place to live, work, and do business in order to increase the benefits of economic development marketing, including:

(1) attracting additional private investment in Vermont businesses;

(2) recruiting new businesses;

(3) attracting more innovators and entrepreneurs to locate in Vermont;

1 ~~(4) attracting, recruiting, and growing the workforce to fill existing vacancies~~
2 ~~in growing businesses; and~~

3 ~~(5) promoting and supporting Vermont businesses, goods, and services.~~

4 ~~(d) On and after July 1, 1997, all departments engaging in marketing activities~~
5 ~~shall submit to and coordinate marketing plans with the commissioner of the~~
6 ~~department of tourism and marketing Commissioner.~~

7 ~~(d) [Repealed.]~~

8 ~~(e) The department of tourism and marketing Department may conduct direct~~
9 ~~marketing activities pursuant to this chapter or chapter 27 of Title 10 V.S.A. chapter~~
10 ~~27, but and shall make best reasonable efforts work to increase marketing activities~~
11 ~~conducted in partnership with one or more private sector partners to maximize State~~
12 ~~marketing resources and to enable Vermont businesses to align their own brand~~
13 ~~identities with the Vermont brand, enhancing the reputations of both the business and~~
14 ~~the State.~~

15 ~~(f) Building on established, successful collaboration with private partners in travel~~
16 ~~and tourism, agriculture, and other industry sectors, the department should~~
17 ~~Department shall have the authority undertake reasonable efforts to extend its~~
18 ~~marketing and promotional resources to include partners in the arts and humanities, as~~
19 ~~well as other partners that depend on tourism for a significant part of their annual~~
20 ~~revenue.~~

21 ~~(g) The Department shall expand its outreach and information gathering~~
22 ~~procedures to allow Vermont businesses and other interested stakeholders to comment~~
23 ~~on the design and implementation of its tourism marketing and economic development~~
24 ~~marketing initiatives and also to provide ongoing feedback to the Department on the~~
25 ~~effectiveness of its initiatives.~~

26 ~~Sec. D.3. DEPARTMENT OF TOURISM AND MARKETING; ECONOMIC~~
27 ~~DEVELOPMENT MARKETING; LEGISLATIVE PROPOSAL~~
28 ~~AND REPORT TO DEFINE PROGRAM GOALS, TARGETS,~~
29 ~~PERFORMANCE MEASURES, AND RESULTS~~

30 ~~(a) On or before January 15, 2016, the Department of Tourism and Marketing~~
31 ~~shall report to the House Committee on Commerce and Economic Development and~~
32 ~~the Senate Committee on Economic Development, Housing and General Affairs to~~
33 ~~identify the goals, targets, performance measures, and results of its economic~~
34 ~~development marketing programs, including testimony or a written report addressing:~~

35 ~~(1) Department functions, including:~~

36 ~~(A) the mission and objectives of the Department and its programs;~~

37 ~~(B) measurable goals for success;~~

38 ~~(C) a profile of specific target audiences;~~

39 ~~(D) research necessary to engage those audiences;~~

40 ~~(E) strategies to identify and document Vermont's unique offerings and~~
41 ~~benefits to those audiences; and~~

42 ~~(F) tactics to accomplish each strategy.~~

43 ~~(2) Desired goals, including:~~

1 ~~(A) new people, employees, and businesses relocate and invest in Vermont;~~
2 ~~and~~
3 ~~(B) current Vermonters and businesses stay and prosper here.~~
4 ~~(3) Measurable targets, including an increase in:~~
5 ~~(A) student applications to Vermont schools;~~
6 ~~(B) workforce participants;~~
7 ~~(C) employment opportunities and jobs;~~
8 ~~(D) number of businesses;~~
9 ~~(E) investment in Vermont businesses; and~~
10 ~~(F) the number of homeowners.~~
11 ~~(4) Methods for identifying and collecting data indicators, and analyzing~~
12 ~~results.~~

13 D.4. APPROPRIATION

14 ~~In fiscal year 2016 there is appropriated from the General Fund to the Department~~
15 ~~of Tourism and Marketing the amount of \$500,000.00 for the purpose of preparing~~
16 ~~and implementing an economic development marketing proposal pursuant to Sec. D.3~~
17 ~~of this act.~~

18 * * * Domestic Export Program * * *

19 Sec. D.5. 6 V.S.A. chapter 207 is amended to read:

20 CHAPTER 207. PROMOTION AND MARKETING OF VERMONT FOODS AND 21 PRODUCTS

22 * * *

23 Subchapter 3. Agricultural Exports

24 § 4621. DOMESTIC EXPORT PROGRAM

25 (a) The Secretary of Agriculture, Food and Markets, in collaboration with the
26 Agency of Commerce and Community Development and the Chief Marketing Officer,
27 shall have the authority to create a Domestic Export Program, the purpose of which
28 may include:

29 (1) connecting Vermont producers with brokers, buyers, and distributors in
30 other U.S. state and regional markets;

31 (2) providing technical and marketing assistance to Vermont producers to
32 convert these connections into increased sales and sustainable commercial
33 relationships; and

34 (3) providing one-time matching grants to attend trade shows and similar
35 events to expand producers' market presence in other U.S. states, subject to available
36 funding.

37 (b) The Secretary shall collect data on the activities and outcomes of the program
38 authorized under this section and submit his or her findings and recommendations in a
39 report on or before January 15 of each year to the House Committees on Agriculture
40 and Forest Products and on Commerce and Economic Development and to the Senate
41 Committees on Agriculture and on Economic Development, Housing and General
42 Affairs.

1 Sec. D.6. IMPLEMENTATION; DOMESTIC EXPORT PROGRAM

2 The Secretary of Agriculture, Food and Markets shall pursue grants, funding, and
3 other resources, and shall continue to identify operational efficiencies within the
4 Agency, in order to sustain adequately the creation and implementation of activities
5 under the domestic export program authorized in 6 V.S.A. § 4621.

6 E. Access to Capital

7 * * * Vermont Economic Development Authority (VEDA); Lending; Green
8 Manufacture of Microbead Alternatives * * *

9 Sec. E.1. 10 V.S.A. § 280bb is amended to read:

10 § 280bb. VERMONT ENTREPRENEURIAL LENDING PROGRAM

11 (a) There is created the Vermont Entrepreneurial Lending Program to be
12 administered by the Vermont Economic Development Authority. The Program shall
13 seek to meet the working capital and capital-asset financing needs of Vermont-based
14 businesses in seed, start-up, and growth stages. The Program shall specifically seek to
15 fulfill capital requirement needs that are unmet in Vermont, including:

- 16 (1) loans ~~up to \$100,000.00~~ to manufacturing businesses and software
17 developers with innovative products that typically reflect long-term, organic growth;
18 (2) loans up to \$1,000,000.00 in growth-stage companies that do not meet the
19 underwriting criteria of other public and private entrepreneurial financing sources; ~~and~~
20 (3) loans to businesses that are unable to access adequate capital resources
21 because the primary assets of these businesses are typically intellectual property or
22 similar nontangible assets; and
23 (4) loans to advanced manufacturers and other Vermont businesses for product
24 development and intellectual property design.

25 (b) The Authority shall adopt regulations, policies, and procedures for the
26 Program as are necessary to increase the amount of investment funds available to
27 Vermont businesses whose capital requirements are not being met by conventional
28 lending sources.

29 (c) When considering entrepreneurial lending through the Program, the Authority
30 shall give additional consideration and weight to an application of a business whose
31 business model and practices will have a demonstrable effect in achieving other public
32 policy goals of the State, including:

- 33 (1) The business will create jobs in strategic sectors such as the knowledge-
34 based economy, renewable energy, advanced manufacturing, wood products
35 manufacturing, and value-added agricultural processing.
36 (2) The business is located in a designated downtown, village center, growth
37 center, industrial park, or other significant geographic location recognized by the
38 State.
39 (3) The business adopts energy and thermal efficiency practices in its
40 operations or otherwise operates in a way that reflects a commitment to green energy
41 principles.
42 (4) The business will create jobs that pay a livable wage and significant
43 benefits to Vermont employees.

(10) Persons who lend, other than residential mortgage loans, an aggregate of less than ~~\$75,000.00~~ \$250,000.00 in any one year at rates of interest of no more than 12 percent per annum.

* * *

Sec. E.5. PEER-TO-PEER LENDING; STUDY; REPORT

(a) The Department of Financial Regulation, in collaboration with the Agency of Commerce and Community Development, shall conduct a study and analysis of models for peer-to-peer lending and investment that will enable established entrepreneurs to connect with emerging entrepreneurs and increased lending, equity investment, and business mentoring while preserving adequate regulatory oversight and business consumer protection.

(b) The Department and the Agency shall report its findings and any recommendations for legislation on or before December 1, 2015, to the House Committee on Commerce and Community Development and to the Senate Committee on Economic Development, Housing and General Affairs.

Sec. E.6. MEDIA PRODUCTION DATABASE

(a) Subject to subsection (c) of this section, the Agency of Commerce and Community Development shall create and maintain a current database of media production resources in Vermont.

(b)(1) The database shall be a searchable directory of media production professionals, including location scouts, lighting resources, animation, studios, equipment rental, sites, editing equipment, independent contractors who work in production, acting, and photographers.

(2) The database shall be accessible to the public through the Agency website and other appropriate sources.

(c) Implementation of this section shall be contingent upon the Agency's successful creation of a partnership with one or more Vermont colleges, universities, or other internship programs to create and maintain the media production database.

F. Natural Resources, Land Use, and Planning

* * * Giving Deference to Regional Planning and Planners in Mitigating Adverse Economic Impacts of Major Employers * * *

Sec. F.1. 24 V.S.A. § 2787 is added to read:

§ 2787. ECONOMIC DEVELOPMENT STRATEGY; DEFERENCE TO REGIONAL PLANS; CEDS

In the event a major employer in an economic region announces a closure, relocation, or other significant action that will impact directly and indirectly jobs or wages in the region, and a regional planning commission has adopted a regional plan pursuant to section 4348 of this title or a Comprehensive Economic Development Strategy (CEDS) approved by the U.S. Economic Development Administration, or both, and the plan or CEDS, or both, includes mitigation strategies to address substantial local and regional economic and fiscal challenges related to that employer, including closure, relocation, or reduction in workforce, then:

1 (1) the Executive Branch shall defer to the regional plan and CEDS when using
2 or distributing funds or other resources meant to mitigate anticipated local and
3 regional economic and fiscal challenges, or shall provide the regional planning
4 commission for the region with its basis for not deferring to the plan and the CEDS;
5 and

6 (2) the Executive Branch shall involve the regional planning commission and
7 regional development corporation for the region in decisions regarding the use or
8 distribution of those funds or resources.

9 * * * Southern Vermont Economic Development Zone * * *

10 Sec. F.2. FINDINGS AND PURPOSE

11 (a) The General Assembly finds:

12 (1) the Agency of Commerce and Community Development projects that the
13 44 Vermont towns served by the two most Southern regional development
14 corporations and regional planning commissions in Vermont will lose 3.5 percent of
15 their population by 2030 and that the total population of individuals over 65 years of
16 age in this combined region will increase from 17 percent in 2010 to 30 percent in
17 2030;

18 (2) the number of visitors to the Southern Vermont visitor center has decreased
19 25 percent since 2006;

20 (3) since 2006, growth in the region's rooms and meals tax is 10 percent, as
21 compared to 25 percent in the Chittenden County region;

22 (4) the rate of residential construction in the region is currently half of the
23 prerecession level;

24 (5) the two Southern Vermont regions have collaborated on business recovery
25 programming after Tropical Storm Irene, including development of individualized
26 downtown and village revitalization plans and development of the Southern Vermont
27 Sustainable Marketing program; and

28 (6) the two regions, having also worked together on some workforce
29 development and internship initiatives, are seeking to establish a more formal
30 structure for their workforce and recruitment efforts.

31 (b) The purposes of Secs. F.3 and F.4 of this act are:

32 (1) to establish officially a Southern Vermont Economic Development Zone
33 comprising of the geographic areas served by the Brattleboro Development Credit
34 Corporation and the Bennington County Industrial Corporation; and

35 (2) to establish a study committee that will assist the General Assembly, the
36 Governor, and partners within the Zone in establishing a replicable framework for
37 regional cooperation by and between public sector and private sector partners
38 concerning economic development initiatives; workforce training, retention, and
39 recruitment; and sustainable business investment.

40 (c)(1) The General Assembly acknowledges the challenges in Southern Vermont
41 and intends for this formal designation to accelerate economic development initiatives
42 that are underway or are needed in the future.

1 (2) The General Assembly does not intend that the Zone in current or future
2 years will be a recipient of General Fund appropriations. Rather, the intent of the
3 Zone is to coordinate targeted investment through public-private partnerships from
4 other funding sources if available and to facilitate economic growth through regional
5 cooperation.

6 Sec. F.3. 10 V.S.A. chapter 1 is amended to read:

7 CHAPTER 1: ~~THE FUTURE OF~~ ECONOMIC DEVELOPMENT

8 * * *

9 ~~Subchapter 1: The Vermont Business Recruitment Partnership~~

10 § 8. SOUTHERN VERMONT ECONOMIC DEVELOPMENT ZONE

11 There is created the Southern Vermont Economic Development Zone, comprising
12 of the geographic areas served by the Brattleboro Development Credit Corporation
13 and the Bennington County Industrial Corporation.

14 * * *

15 Sec. F.4. SOUTHERN VERMONT ECONOMIC DEVELOPMENT
16 ZONE; STUDY COMMITTEE; REPORT

17 (a) There is created the Southern Vermont Economic Development Zone Study
18 Committee the purpose of which shall be to reverse the decline in the workforce from
19 2000–2014 and to revitalize economic growth within the Southern Vermont Economic
20 Development Zone created in 10 V.S.A. § 8.

21 (b) The Study Committee shall consist of the following members:

22 (A) five members who represent the interests of the private sector and
23 represent a balance of geographic interests within the Zone:

24 (i) one member appointed by the Governor;

25 (ii) two members appointed by the Speaker of the House of
26 Representatives; and

27 (iii) two members appointed by the Senate Committee on Committees;

28 (B) one member each from the Brattleboro Development Credit
29 Corporation and the Bennington County Industrial Corporation; and

30 (C) one member each from the Windham Regional Commission and the
31 Bennington County Regional Commission.

32 (c) On or before December 1, 2015, the Committee shall submit a report to the
33 Secretary of the Agency of Commerce and Community Development, the House
34 Committee on Commerce and Community Development, and the Senate Committee
35 on Economic Development, Housing and General Affairs that includes proposals:

36 (1) to establish an integrated investment strategy for retaining businesses
37 within and recruiting business to the Zone;

38 (2) to establish an implementation plan for the Southern Vermont Sustainable
39 Recruitment and Marketing Project created in 2014 and contained in the Windham
40 Region's federally recognized Comprehensive Economic Development Strategy;

41 (3) to outline the benefits and obstacles within the Zone involved in integrating
42 internship and career exposure programs, workforce development programs, and
43 young professional activities;

1 (4) to propose an organizational and operational structure of a public-private
2 partnership with the mission of aggregating capital and coordinating investment in
3 small- and medium-size businesses located within the Zone; and

4 (5) to recommend whether and in what configuration the Study Committee or
5 other group should continue and its mission.

6 (d) Meetings.

7 (1) The members of the Committee who represent the regional development
8 corporations shall jointly call the first meeting, to occur on or before August 1, 2015.

9 (2) The Committee shall select a chair from among the private sector members
10 at the first meeting.

11 (3) A majority of the membership shall constitute a quorum.

12 (4) The Committee shall cease to exist on July 1, 2016.

13 * * *

14 * * * Act 250; Criterion 9(L) * * *

15 Sec. F.5. ACT 250; IMPLEMENTATION OF SETTLEMENT PATTERNS
16 CRITERION

17 (a) The General Assembly finds that:

18 (1) 2014 Acts and Resolves No. 147, Sec. 2 amended 10 V.S.A.
19 § 6086(a)(9)(L) (Criterion 9L) to become a settlement patterns criterion. The purpose
20 of the amendment was to guide and accomplish coordinated, efficient, and economic
21 development in the State that is consistent with Vermont's historic settlement pattern
22 of compact centers separated by rural countryside.

23 (2) Effective on October 17, 2014, the Natural Resources Board (NRB)
24 adopted a procedure to implement Criterion 9L (the Criterion 9L Procedure).

25 (b) The General Assembly determines that additional opportunity for public
26 comment on the Criterion 9L Procedure, as well as additional education and improved
27 guidance, would be beneficial in implementing the criterion.

28 (1) The NRB shall review the Criterion 9L Procedure in full collaboration with
29 the Agency of Commerce and Community Development (ACCD) and the Agency of
30 Natural Resources (ANR).

31 (A) As part of this review, the NRB shall solicit input from affected parties
32 and the public, including planners, developers, municipalities, environmental
33 advocacy organizations, regional planning commissions, regional development
34 corporations, and business advocacy organizations such as State and regional
35 chambers of commerce.

36 (B) Based on this review, the NRB shall adopt revisions in the form of a
37 procedure under 3 V.S.A. chapter 25.

38 (2) ACCD shall work with the NRB and ANR to develop outreach material on
39 Criterion 9L, including illustrative examples of appropriate development design, and
40 implement a training plan on the criterion for local elected officials, municipal boards,
41 State and regional organizations and associations, environmental groups, consultants,
42 and developers.

* * * Municipal Land Use; Neighborhood Development Area * * *

Sec. F.6. 24 V.S.A. § 4471(e) is amended to read:

(e) ~~Vermont neighborhood~~ Neighborhood development area. Notwithstanding subsection (a) of this section, a determination by an appropriate municipal panel shall not be subject to appeal if the determination is that a proposed residential development within a designated downtown development district, designated growth center, ~~or~~ designated Vermont neighborhood, or designated neighborhood development area seeking conditional use approval will not result in an undue adverse effect on the character of the area affected, ~~as provided in~~ under subdivision 4414(3)(A)(ii) of this title.

* * * Act 250; Primary Agricultural Soils * * *

Sec. F.7. 10 V.S.A. § 6086(a)(9)(B) is amended to read:

(B) Primary agricultural soils. A permit will be granted for the development or subdivision of primary agricultural soils only when it is demonstrated by the applicant that, in addition to all other applicable criteria, either, the subdivision or development will not result in any reduction in the agricultural potential of the primary agricultural soils; or:

(i) the development or subdivision will not significantly interfere with or jeopardize the continuation of agriculture or forestry on adjoining lands or reduce their agricultural or forestry potential; ~~and~~

(ii) except in the case of an application for a project located in a designated ~~growth center~~ area listed in subdivision 6093(a)(1) of this title, there are no lands other than primary agricultural soils owned or controlled by the applicant which are reasonably suited to the purpose of the development or subdivision; ~~and~~

(iii) except in the case of an application for a project located in a designated ~~growth center~~ area listed in subdivision 6093(a)(1) of this title, the subdivision or development has been planned to minimize the reduction of agricultural potential of the primary agricultural soils through innovative land use design resulting in compact development patterns, so that the remaining primary agricultural soils on the project tract are capable of supporting or contributing to an economic or commercial agricultural operation; and

(iv) suitable mitigation will be provided for any reduction in the agricultural potential of the primary agricultural soils caused by the development or subdivision, in accordance with section 6093 of this title and rules adopted by the Natural Resources Board.

* * * Acquisition of Land by Public Agencies; Conservation Easements * * *

Sec. F.8. 10 V.S.A. § 6310 is added to read:

§ 6310. CONSERVATION EASEMENT HOLDER; NONMERGER

If a holder of a conservation easement is or becomes the owner in fee simple of property subject to the easement, the easement shall continue in effect and shall not be extinguished.

Sec. F.9. 30 V.S.A. § 248(q) is amended to read:

(q)(1) A certificate under this section shall be required for a plant using methane derived from an agricultural operation ~~shall be required~~ as follows:

(A) With respect to a plant that constitutes farming pursuant to 10 V.S.A. § 6001(22)(F), only for the equipment used to generate electricity from biogas, the equipment used to refine biogas into natural gas, the structures housing such equipment used to generate electricity or refine biogas, and the interconnection to electric and natural gas distribution and transmission systems. The certificate shall not be required for the methane digester, the digester influents and non-gas effluents, the buildings and equipment used to handle such influents and non-gas effluents, or the on-farm use of heat and exhaust produced by the generation of electricity, and these components shall not be subject to jurisdiction under this section.

(B) With respect to a plant that does not constitute farming pursuant to 10 V.S.A. § 6001(22)(F) but which receives feedstock from off-site farms, for all on-site components of the plant, for the transportation of feedstock to the plant from off-site contributing farms, and the transportation of effluent or digestate back to those farms. The certificate shall not regulate any farming activities conducted on the contributing farms that provide feedstock to a plant or use of effluent or digestate returned to the contributing farms from the plant.

* * *

G. Tax Credits and Business Incentives

* * * Vermont Employment Growth Incentive (VEGI) * * *

Sec. G.1. 32 V.S.A. § 5930a(c)(2) is amended to read:

(2) The new jobs should make a net positive contribution to employment ~~in the area, and meet or exceed the prevailing compensation level including wages and benefits, for the particular employment sector~~ consistent with the applicable wage threshold for the labor market area. The new jobs should offer benefits and opportunities for advancement and professional growth consistent with the employment sector.

Sec. G.2. 32 V.S.A. § 5930b is amended to read:

§ 5930b. VERMONT EMPLOYMENT GROWTH INCENTIVE

(a) Definitions. As used in this section:

* * *

~~(20) "Qualifying jobs" means new, full-time Vermont jobs held by nonowners that meet the wage threshold~~

(20) "Qualifying job" means a new, full-time Vermont job held by a nonowner that meets the wage threshold and for which the employer provides at least three of the following:

(A) health care benefits with 50 percent or more of the premium paid by the employer;

(B) dental assistance;

(C) paid vacation;

(D) paid holidays;

(E) child care;

1 (F) other extraordinary employee benefits;

2 (G) retirement benefits;

3 (H) other paid time off, including paid sick days;

4 * * *

5 (24) "Wage threshold" means the minimum annualized Vermont gross wages
6 and salaries paid, as determined by the Council, but not less than:

7 (A) 60 percent above the minimum wage at the time of application, in order
8 for a new job to be a qualifying job under this section; or

9 (B) for a business located in a labor market area in which the average
10 annual unemployment rate is at least 0.5 percentage points higher than the average
11 annual unemployment rate for the State, the greater of:

12 (i) 40 percent above the State minimum wage at the time of application;

13 or

14 (ii) \$13.00 per hour.

15 (25) "Labor market area" means a labor market area as designated by the
16 Vermont Department of Labor.

17 (b) Authorization process.

18 (1) A business may apply to the Vermont Economic Progress Council for
19 approval of a performance-based employment growth incentive to be paid out of the
20 business's withholding account upon approval by the Department of Taxes pursuant to
21 the conditions set forth in this section. Businesses shall not be permitted to deduct
22 approved incentives from withholding liability payments otherwise due. In addition
23 to any other information that the Council may require in order to fulfill its obligations
24 under section 5930a of this title, an employment growth incentive application shall
25 include all the following information:

26 (A) application base number of jobs;

27 (B) total jobs at time of application;

28 (C) application base payroll;

29 (D) total payroll at time of application;

30 (E) jobs target for each year in the award period;

31 (F) payroll target for each year in the award period;

32 (G) capital investment target for each year in the award period; and

33 (H) a statement signed by the president or chief executive officer or
34 equivalent acknowledging that to the extent the applicant fails to meet the minimum
35 capital investment by the end of the award period, any incentives remaining to be
36 earned shall be limited, and any incentives taken shall be subject to complete or partial
37 reversal, pursuant to subdivisions (c)(10) and (11) of this section.

38 (2) The Council shall review each application in accordance with section
39 5930a of this title, except that the Council may provide for an initial approval pursuant
40 to the conditions set forth in subsection 5930a(c), followed by a final approval at a
41 later date, before December 31 of the calendar year in which the economic activity
42 commences.

1 (3) Except as provided in subdivision (5) of this subsection, the value of the
2 incentives will be dependent upon the net fiscal benefit resulting from projected
3 qualifying payroll and qualifying capital investment. An incentive ratio shall be
4 applied to the net fiscal benefit generated by the cost-benefit model in order to
5 determine the maximum award the Council may authorize for each application it
6 approves. The Council may establish a threshold for wages in excess of, but not less
7 than, the wage threshold, as defined in subsection (a) of this section for individual
8 applications the Council wishes to approve. The Council shall calculate an incentive
9 percentage for each approved application as follows:

10 Authorized award amount ÷ the five-year sum of all payroll targets

11 (4) An approval shall specify: the application base jobs at the time of the
12 application; total jobs at time of application; the application base payroll; total payroll
13 at time of application; the incentive percentage; the wage threshold; the payroll
14 thresholds; a job target for each year of the award period; a payroll target for each
15 year of the award period; a capital investment target for each year of the award period
16 and description sufficient for application of subdivisions (c)(10) and (11) of this
17 section of the nature of qualifying capital investment over the award period upon
18 which approval shall be conditioned; and the amount of the total award. The Council
19 shall provide a copy of each approval to the Department of Taxes along with a copy of
20 the application submitted by that applicant.

21 (5)(A) Notwithstanding subdivision (3) of this subsection, the Council may
22 authorize incentives in excess of net fiscal benefit multiplied by the incentive ratio ~~not~~
23 ~~to exceed an annual authorization established by law~~ for awards to businesses located
24 in a labor market area in which the average annual unemployment rate is greater than
25 the average annual unemployment rate for the State or in which the average annual
26 wage is below the average annual wage for the State.

27 (B)(i) Except as provided in subdivision (B)(ii) of this subdivision (5), the
28 total amount of employment growth incentives the Vermont Economic Progress
29 Council is authorized to approve under subdivision (A) of this subdivision (5) shall
30 not exceed \$1,000,000.00 from the General Fund.

31 (ii) The Council shall have the authority to exceed the cap imposed in
32 subdivision (B)(i) of this subdivision (5) upon application to and approval by the
33 Emergency Board.

34 (c) Claiming an employment growth incentive.

35 * * *

36 (6)(A) A business whose application is approved and, in the first, second, or
37 third year of the award period, fails to meet or exceed its payroll target and one out of
38 two of its jobs and capital investment targets may not claim incentives in that year.
39 To the extent such business reaches its first, second, or third year award period targets
40 within the succeeding two calendar year reporting periods immediately succeeding
41 year one, two, or three of the award period, or within the extended period if an
42 extension is granted under subdivision (B) of this subdivision (6), whichever is
43 applicable, such business may claim incentives in five-year installments as provided

1 in subdivisions (1) through (4) of this subsection. A business which fails to meet or
2 exceed its payroll target and one of its two jobs and capital investment targets within
3 this time frame shall forfeit all authority under this section to earn and claim
4 incentives for award period year one, two, or three, as applicable, and any future
5 award period years. The Department of Taxes shall notify the Vermont Economic
6 Progress Council that the first, second, or third year award period targets have not
7 been met within the prescribed period, and the Council shall rescind authority for the
8 business to earn incentives for the activity in year one, two, or three, as applicable,
9 and any future award period years.

10 (B)(i) Notwithstanding subdivision (6)(A) of this subsection, if a business
11 determines that it may not reach its first or second year award period targets within the
12 succeeding two calendar year reporting periods due to facts or circumstances beyond
13 its control, the business may request that the Council extend the period to meet the
14 targets for another two reporting periods, reviewed annually, for award year one, and
15 one reporting period for award year two.

16 (ii) The Council may grant an extension pursuant to this subdivision (B)
17 if it determines that the business failed to meet its targets due to facts or
18 circumstances beyond the control of the business and that there is a reasonable
19 likelihood the business will meet the award period targets within the extension period.

20 (iii) If the Council grants an extension pursuant to this subdivision (B),
21 the Council shall recalculate the value of the incentive using the cost-benefit model
22 and the wage threshold applicable at the time the extension is granted and shall adjust
23 the amount of the award as is necessary to account for the extension of the award
24 period and the updated wage threshold.

25 * * *

26 (g) Employment growth incentive for a value-added business or environmental
27 technology business.

28 (1) As used in this subsection, ~~an~~:

29 (A) "advanced manufacturing" means:

30 (i) an activity that depends on the use and coordination of information,
31 automation, computation, software, sensing, and networking; or

32 (ii) an activity that uses cutting edge materials and emerging capabilities
33 enabled by the physical and biological sciences, including nanotechnology, chemistry,
34 and biology, that includes both new ways to manufacture existing products and the
35 manufacture of new products emerging from new advanced technologies;

36 (B) "environmental technology business" means a business that is subject to
37 income taxation in Vermont and whose current or prospective economic activity in
38 Vermont for which incentives are sought under this section is certified by the
39 Secretary of Commerce and Community Development to be primarily research,
40 design, engineering, development, or manufacturing activity related to any one or
41 more of the following:

42 ~~(A)~~(i) waste management, including waste collection, treatment,
43 disposal, reduction, recycling, and remediation;

1 ~~(B)~~(ii) natural resource protection and management, including water and
2 wastewater purification and treatment, air pollution control and prevention or
3 remediation, soil and groundwater protection or remediation, and hazardous waste
4 control or remediation;

5 ~~(C)~~(iii) energy efficiency or conservation;
6 ~~(D)~~(iv) clean energy, including solar, wind, wave, hydro, geothermal,
7 hydrogen, fuel cells, waste-to-energy, or biomass; and

8 (C) "value-added business" means a person that is subject to income
9 taxation in Vermont and whose current or prospective economic activity in Vermont
10 for which incentives are sought under this section is certified by the Secretary of
11 Commerce and Community Development to be primarily in one or more of the
12 following sectors:

13 (i) advanced manufacturing; or
14 (ii) information processing or information management services,
15 including:

16 (I) computer hardware or software, and information and
17 communication technologies, such as high-level software languages, graphics
18 hardware and software, speech and optical character recognition, high-volume
19 information storage and retrieval, and data compression;

20 (II) technological applications that use biological systems, living
21 organisms or derivatives thereof, to make or modify products or processes for specific
22 use;

23 (III) custom computer programming services, such as writing,
24 modifying, testing, and supporting software to meet the needs of a particular
25 customer;

26 (IV) computer systems design services such as planning and
27 designing computer systems that integrate computer hardware, software, and
28 communication technologies; and

29 (V) computer facilities management services, such as providing on-
30 site management and operation of clients' computer systems or data processing
31 facilities, or both.

32 (2) Any application for a Vermont employment growth incentive under this
33 section for ~~an~~ a value-added business or environmental technology business shall be
34 considered and administered pursuant to all provisions of this section, except that:

35 (A) the "incentive ratio" pursuant to subdivision (a)(11) of this section shall
36 be set at 90 percent; and

37 (B) the "payroll threshold" pursuant to subdivision (a)(17) of this section
38 shall be deemed to be 20 percent of the expected average industry payroll growth as
39 determined by the cost-benefit model.

40
41 (h) Enhanced training incentive. Notwithstanding any provision of law to the
42 contrary, the Council may award an enhanced training incentive as follows:

1 (1) A business whose incentive application is approved may elect to claim an
2 enhanced training incentive at any time during the award period by:

3 (A) notifying the Council of its intent to pursue an enhanced training
4 incentive and dedicate its incentive funds to training through the Vermont Training
5 Program or a Workforce Education and Training Fund program; and

6 (B) applying for a grant from the Vermont Training Program or the
7 Workforce Education and Training Fund to perform training for new employees who
8 hold qualifying jobs.

9 (2) If a business is awarded a grant for training pursuant to subdivision (1) of
10 this subsection, the Agency of Commerce and Community Development, or the
11 Department of Labor, as applicable, shall disburse grant funds for on-the-job training
12 of not more than 75 percent of wages for each employee in training, or not more than
13 75 percent of trainer expense, and the business shall be responsible for the remaining
14 25 percent of the applicable training costs.

15 (3) If the business successfully completes its training and meets or exceeds its
16 payroll target and either its jobs target or capital investment target, the Council shall
17 approve the enhanced training incentive and notify the Department of Taxes.

18 (4) Upon notification by the Council, the Department of Taxes:

19 (A) shall disburse to the business a payment in an amount equal to 25
20 percent of the cost for training expenses pursuant to subdivision (3) of this subsection
21 (h);

22 (B) shall disburse to the Agency of Commerce and Community
23 Development, or the Department of Labor, as applicable, a payment in an amount
24 equal to 25 percent of the cost for training expenses pursuant to subdivision (3) of this
25 subsection (h); and

26 (C) shall disburse the remaining value of the incentive award in annual
27 installments pursuant to subdivision (c)(2) of this section.

28 (5)(A) If, during the utilization period for the incentive paid pursuant to this
29 subsection (h), the business fails to maintain the qualifying jobs or qualifying payroll
30 established in the award year, or does not reestablish qualifying jobs or qualifying
31 payroll to 100 percent of the award year level, the Department of Taxes shall
32 recapture the enhanced incentive pursuant to subsection (d) of this section.

33 (B) The amount of recapture shall equal the sum of the installments that the
34 Department would have disbursed if it had paid the incentive in five-year installments
35 pursuant to subdivision (c)(2) of this section for the years during the utilization period
36 that the qualifying jobs or qualifying payroll were not maintained.

37 ~~(i) Employment growth incentive for value added business.~~

38 ~~(1) In this subsection:~~

39 ~~(A) "Advanced manufacturing" means:~~

40 ~~(i) an activity that depends on the use and coordination of information,~~
41 ~~automation, computation, software, sensing, and networking, or~~

42 ~~(ii) an activity that uses cutting edge materials and emerging capabilities~~
43 ~~enabled by the physical and biological sciences, including nanotechnology, chemistry,~~

1 and biology, that includes both new ways to manufacture existing products and the
2 manufacture of new products emerging from new advanced technologies.

3 (B) "Value added business" means a person that is subject to income
4 taxation in Vermont and whose current or prospective economic activity in Vermont
5 for which incentives are sought under this section is certified by the Secretary of
6 Commerce and Community Development to be primarily in one or more of the
7 following sectors:

8 (i) advanced manufacturing; or

9 (ii) information processing or information management services;

10 including:

11 (I) computer hardware or software, and information and
12 communication technologies, such as high level software languages, graphics
13 hardware and software, speech and optical character recognition, high volume
14 information storage and retrieval, and data compression;

15 (II) technological applications that use biological systems, living
16 organisms or derivatives thereof, to make or modify products or processes for specific
17 use;

18 (III) custom computer programming services, such as writing,
19 modifying, testing, and supporting software to meet the needs of a particular
20 customer;

21 (IV) computer systems design services such as planning and
22 designing computer systems that integrate computer hardware, software, and
23 communication technologies; and

24 (V) computer facilities management services, such as providing on-
25 site management and operation of clients' computer systems or data processing
26 facilities, or both.

27 (2) A value added business located in a labor market area in which the average
28 annual unemployment rate is at least 0.5 percentage points higher than the average
29 annual unemployment rate for the State may submit an application for an enhanced
30 incentive pursuant to this subsection.

31 (3) The Council shall consider and administer an application and award for an
32 enhanced incentive under this subsection pursuant to the provisions of this section,
33 except that:

34 (A) the "incentive ratio" pursuant to subdivision (a)(11) of this section shall
35 be set at 90 percent; and

36 (B) the "payroll threshold" pursuant to subdivision (a)(17) of this section
37 shall be deemed to be 20 percent of the expected average industry payroll growth as
38 determined by the cost benefit model.

39 (i) Overall gross cap on total employment growth incentive and education tax
40 incentive authorizations.

41 (1) For any calendar year, the total amount of employment growth incentives
42 the Vermont Economic Progress Council is authorized to approve under this section

1 and property tax stabilizations under 32 V.S.A. § 5404a(a) shall not exceed
2 \$10,000,000.00 from the General Fund and Education Fund combined each year.

3 (2) The Council shall have the authority to exceed the cap imposed in
4 subdivision (1) of this subsection upon application to and approval by the Emergency
5 Board.

6 Sec. G.3. 2006 Acts and Resolves No. 184, Sec. 11 is amended to read:

7 Sec. 11. ~~VEGI; ANNUAL CALENDAR YEAR CAPS~~

8 ~~(a) Net negative awards cap. Notwithstanding any other provision of law, in any~~
9 ~~calendar year, the annual authorization for the total net fiscal cost of Vermont~~
10 ~~employment growth incentives that the Vermont economic progress council or the~~
11 ~~economic incentive review board may approve under 32 V.S.A. § 5930b(b)(5) shall~~
12 ~~not exceed \$1,000,000.00 from the general fund.~~

13 ~~(b) Restrictions to labor market area. Employment growth incentives within the~~
14 ~~annual authorization amount in subsection (a) of this section shall be granted solely~~
15 ~~for awards to businesses located in a labor market area of this state in which the rate~~
16 ~~of unemployment is greater than the average for the state or in which the average~~
17 ~~annual wage is below the average annual wage for the state. For the purposes of this~~
18 ~~section, a "labor market area" shall be as determined by the department of labor.~~

19 ~~(c) Overall gross cap on total employment growth incentive and education tax~~
20 ~~incentive authorizations. For any calendar year, the total amount of employment~~
21 ~~growth incentives the Vermont economic progress council or the economic incentive~~
22 ~~review board is authorized to approve under 32 V.S.A. § 5930b and property tax~~
23 ~~stabilizations and allocations under 32 V.S.A. § 5404a(a) and (e) shall not exceed~~
24 ~~\$10,000,000.00 from the general fund and education fund combined each year. This~~
25 ~~maximum annual amount may be exceeded by the Vermont economic progress~~
26 ~~council upon application to and approval by the Emergency Board. [Repealed.]~~

27 Sec. G.4. 10 V.S.A. § 531(d) is amended to read:

28 (d) In order to avoid duplication of programs or services and to provide the
29 greatest return on investment from training provided under this section, the Secretary
30 of Commerce and Community Development shall:

31 (1) consult with the Commissioner of Labor regarding whether the grantee has
32 accessed, or is eligible to access, other workforce education and training resources;

33 (2) disburse grant funds only for training hours that have been successfully
34 completed by employees; provided that, except for an award under an enhanced
35 training incentive as provided in 32 V.S.A. § 5930b(h), a grant for on-the-job training
36 shall either provide not more than 50 percent of wages for each employee in training,
37 or not more than 50 percent of trainer expense, but not both, and further provided that
38 training shall be performed in accordance with a training plan that defines the subject
39 of the training, the number of training hours, and how the effectiveness of the training
40 will be evaluated; and

41 (3) use funds under this section only to supplement training efforts of
42 employers and not to replace or supplant training efforts of employers.

* * * Employee Recruitment and Retention * * *

Sec. G.5. EMPLOYEE RECRUITMENT AND RETENTION STUDY
COMMITTEE; REPORT

(a) Creation. There is created an Employee Recruitment and Retention Study Committee to research and develop one or more incentive programs to recruit employees who are qualified for high-demand, unfilled positions within Vermont businesses, to relocate to and remain in Vermont.

(b) Membership. The Committee shall be composed of the following members:

(1) one current member of the House of Representatives appointed by the Speaker of the House;

(2) one current member of the Senate appointed by the Committee on Committees;

(3) one member who represents the interests of the regional development corporations, appointed by the Governor;

(4) one member who represents the interests of private business appointed by the Speaker of the House;

(5) one member who represents the interests of private business appointed by the Committee on Committees; and

(6) the Secretary of Commerce and Community Development

(c) Powers and duties. The Committee shall study potential incentive programs, tax credits, or other mechanisms, to encourage employee recruitment and retention including the following issues:

(1) eligibility criteria for employees, employers, and employment positions;

(2) amount and conditions for incentives or credits;

(3) distribution of incentives or credits by region, employer, and by State level or regional level grantors; and

(4) data, and a mechanism for collecting data, to measure the effectiveness of any proposed program.

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Agency of Commerce and Community Development.

(e) Report. On or before January 15, 2016, the Committee shall submit a report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs with its findings and any recommendations for legislative action.

(f) Meetings.

(1) The Agency of Commerce and Community Development shall call the first meeting of the Committee, to occur on or before September 1, 2015.

(2) The Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Committee shall cease to exist on January 16, 2016.

(g) Reimbursement.

(1) ~~For attendance at meetings during adjournment of the General Assembly, legislative members of the Committee shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for no more than four meetings.~~

(2) ~~Other members of the Committee who are not employees of the State of Vermont and who are not otherwise compensated or reimbursed for their attendance shall be entitled to per diem compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010 for no more than four meetings.~~

* * * VHFA; Down Payment Assistance Program * * *

Sec. G.6. DOWN PAYMENT ASSISTANCE PROGRAM; FINDINGS

The General Assembly finds:

(1) *The Federal Bipartisan Policy Center's Housing Commission notes that homeownership can produce powerful economic, social, and civic benefits that serve the individual homeowner, the larger community, and the nation.*

(2) *Supporting more Vermonters to become homeowners allows them an opportunity to improve and invest in their neighborhoods and become a stable member of their community's life and workforce.*

(3) *Homeownership, even with the recent decline in housing values, has continued to be the most reliable source of individual wealth accumulation and equity for the future.*

(4) *First-time homebuyers often delay purchasing a home due to the fees and down payment costs required at closing and need support to achieve their homeownership opportunity.*

Sec. G.7. 32 V.S.A. § 5930u is amended to read:

§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

(a) As used in this section:

(1) "Affordable housing project" or "project" means:

(A) a rental housing project identified in 26 U.S.C. § 42(g); or

(B) owner-occupied housing identified in 26 U.S.C. § 143(e) and (f) and eligible (c)(1) or that qualifies under the Vermont Housing Finance Agency allocation plan criteria governing owner-occupied housing.

(2) "Affordable housing tax credits" means the tax credit provided by this subchapter.

(3) "Allocating agency" means the Vermont Housing Finance Agency.

(4) "Committee" means the Joint Committee on Tax Credits consisting of five members: a representative from the Department of Housing and Community Affairs, the Vermont Housing and Conservation Board, the Vermont Housing Finance Agency, the Vermont State Housing Authority, and the Office of the Governor.

(5) "Credit certificate" means a certificate issued by the allocating agency to a taxpayer that specifies the amount of affordable housing tax credits that can be applied against the taxpayer's individual or corporate income tax or franchise or insurance premium tax liability as provided in this subchapter.

1 (6) "Eligible applicant" means any municipality, private sector developer,
2 department of state government as defined in 10 V.S.A. § 6302(a), State agency as
3 defined in 10 V.S.A. § 6301a, the Vermont Housing Finance Agency, or a nonprofit
4 organization qualifying under 26 U.S.C. § 501(c)(3); or cooperative housing
5 organization, the purpose of which is ~~the creation and retention of~~ to create and
6 retain affordable housing for lower income Vermonters; with lower income and the
7 which has in its bylaws ~~that require a requirement that housing to the housing the~~
8 organization creates be maintained as affordable housing for lower income
9 Vermonters with lower income on a perpetual basis.

10 (7) "Eligible cash contribution" means an amount of cash contributed to the
11 owner, developer, or sponsor of an affordable housing project and determined by the
12 allocating agency as eligible for affordable housing tax credits.

13 (8) "Section 42 credits" means tax credit provided by 26 U.S.C. §§ 38 and 42.

14 (9) "Allocation plan" means the plan recommended by the Committee and
15 approved by the Vermont Housing Finance Agency, which sets forth the eligibility
16 requirements and process for selection of eligible housing projects to receive
17 affordable housing tax credits under this section. The allocation plan shall include:

18 (A) requirements for creation and retention of affordable housing for low
19 income persons; with low income; and

20 (B) requirements to ensure that eligible housing is maintained as affordable
21 by subsidy covenant, as defined in 27 V.S.A. § 610 on a perpetual basis, and meets all
22 other requirements of the Vermont Housing Finance Agency related to affordable
23 housing.

24 (b) Eligible tax credit allocations.

25 (1) Affordable housing credit allocation.

26 (A) An eligible applicant may apply to the allocating agency for an
27 allocation of affordable housing tax credits under this section related to an affordable
28 housing project authorized by the allocating agency under the allocation plan. In the
29 case of a specific affordable rental housing project, the eligible applicant ~~must~~ shall
30 also be the owner or a person having the right to acquire ownership of the building
31 and ~~must~~ shall apply prior to placement of the affordable housing project in service.
32 In the case of owner-occupied housing units, the applicant ~~must apply prior to~~
33 purchase of the unit and ~~must~~ shall ensure that the allocated funds will be used to
34 ensure that the housing qualifies or program funds remain as an affordable housing
35 resource for all future owners of the housing. The allocating agency shall issue a
36 letter of approval if it finds that the applicant meets the priorities, criteria, and other
37 provisions of subdivision (2)(B) of this ~~subsection~~ subdivision (1). The burden of
38 proof shall be on the applicant.

39 (2)(B) Upon receipt of a completed application, the allocating agency shall
40 award an allocation of affordable housing tax credits with respect to a project ~~under~~
41 this section shall be granted to an applicant, provided the applicant demonstrates to
42 the satisfaction of the ~~committee~~ allocating agency all of the following:

1 ~~(A)(i)~~ The owner of the project has received from the allocating agency a
2 binding commitment for, a reservation or allocation of, or an out-of-cap
3 determination letter for, Section 42 credits, or meets the requirements of the
4 allocation plan for development or financing of units to be owner-occupied;

5 ~~(B)(ii)~~ The project has received community support.

6 (2) Down payment assistance program.

7 (A) The Vermont Housing Finance Agency shall have the authority to
8 allocate affordable housing tax credits to finance down payment assistance loans that
9 meet the following requirements:

10 (i) the loan is made in connection with a mortgage through an Agency
11 program;

12 (ii) the borrower is a first-time homebuyer of an owner-occupied
13 primary residence; and

14 (iii) the borrower uses the loan for the borrower's down payment, or
15 closing costs, or both.

16 (B) The Agency shall require the borrower to repay the loan upon the
17 transfer or refinance of the residence.

18 (C) The Agency shall use the proceeds of loans made under the program for
19 future down payment assistance.

20 (c) Amount of credit. A taxpayer who makes an eligible cash contribution shall be
21 entitled to claim against the taxpayer's individual income, corporate, franchise, or
22 insurance premium tax liability a credit in an amount specified on the taxpayer's
23 credit certificate. The first-year allocation of a credit amount to a taxpayer shall also
24 be deemed an allocation of the same amount in each of the following four years.

25 (d) Availability of credit. The amount of affordable housing tax credit allocated
26 with respect to a project shall be available to the taxpayer every year for five
27 consecutive tax years, beginning with the tax year in which the eligible cash
28 contribution is made. Total tax credits available to the taxpayer shall be the amount
29 of the first-year allocation plus the succeeding four years' deemed allocations.

30 (e) Claim for credit. A taxpayer claiming affordable housing tax credits shall
31 submit with each return on which such credit is claimed a copy of the allocating
32 agency's credit allocation to the affordable housing project and the taxpayer's credit
33 certificate. Any unused affordable housing tax credit may be carried forward to
34 reduce the taxpayer's tax liability for no more than 14 succeeding tax years, following
35 the first year the affordable housing tax credit is allowed.

36 ~~(f) Deleted.~~ [Repealed.]

37 (g)(1) In any fiscal year, the allocating agency may award up to:

38 (A) \$400,000.00 in total first-year credit allocations to all applicants for
39 rental housing projects, for a total aggregate limit of \$2,000,000.00 over any given
40 five-year period that credits are available under this subdivision; and may award up
41 to

42 (B) \$300,000.00 per year in total first-year credit allocations for owner-
43 occupied unit applicants financing or down payment loans consistent with the

1 allocation plan, including for new construction and manufactured housing, for a total
2 aggregate limit of \$1,500,000.00 over any given five-year period that credits are
3 available under this subdivision.

4 (2) In fiscal years 2016 through 2020, the allocating agency may award up to
5 \$125,000.00 in total first-year credit allocations for loans through the down payment
6 assistance program created in subdivision (b)(2) of this section for a total aggregate
7 limit of \$625,000.00 over the five-year period that credits are available under this
8 subdivision.

9 (h) In any fiscal year, total first-year allocations plus succeeding year deemed
10 allocations shall not exceed \$3,500,000.00. The aggregate limit for all credit
11 allocations available under this section in any fiscal year is \$4,125,000.00.

12 * * * "Cloud Tax" * * *

13 **Sec. G.8. PREWRITTEN SOFTWARE ACCESSED REMOTELY**

14 Charges for the right to access remotely prewritten software shall not be
15 considered charges for tangible personal property under 32 V.S.A. § 9701(7).

16 * * * Wood Products Manufacturer Incentive * * *

17 Sec. G.9. 2014 Acts and Resolves No. 179, Sec. G.100(b) is amended to read:

18 (b) Sec. E.100.6 (wood products manufacture incentive) shall take effect
19 retroactively on January 1, 2014 and apply to tax ~~year~~ years 2014 and 2015.

20 Sec. G.10. [Reserved.]

21 **Sec. G.11. FUNDS TRANSFER**

22 The amount of \$125,000.00 is transferred from the Vermont Enterprise Fund
23 created in 2014 Acts and Resolves No. 179, Sec. E.100.5 to the General Fund for the
24 purpose of providing funding for the Down Payment Assistance Program in Sec. G.7
25 of this act.

26 **Sec. G.12. 10 V.S.A. § 9 is added to read:**

27 **§ 9. VERMONT ECONOMIC DEVELOPMENT ENTERPRISE FUND**

28 (a) There is created a Vermont Enterprise Fund, the sums of which may be used
29 by the Governor, with the approval of the Emergency Board, for the purpose of
30 making economic and financial resources available to businesses facing circumstances
31 that necessitate State government support and response more rapidly than would
32 otherwise be available from, or that would be in addition to, other economic
33 incentives.

34 (b)(1) The Fund shall be administered by the Commissioner of Finance and
35 Management as a special fund under the provisions of chapter 7, subchapter 5 of this
36 title.

37 (2) The Fund shall contain any amounts transferred or appropriated to it by the
38 General Assembly.

39 (3) Interest earned on the Fund and any balance remaining at the end of the
40 fiscal year shall remain in the Fund.

41 (4) The Commissioner shall maintain records that indicate the amount of
42 money in the Fund at any given time.

1 (c) The Governor is authorized to use amounts available in the Fund to offer
2 economic and financial resources to an eligible business pursuant to this section,
3 subject to approval by the Emergency Board as provided in subsection (e) of this
4 section.

5 (d) To be eligible for an investment through the Fund, the Governor shall
6 determine that a business:

7 (1) adequately demonstrates:

8 (A) a substantial statewide or regional economic or employment impact; or

9 (B) approval or eligibility for other economic development incentives and
10 programs offered by the State of Vermont; and

11 (2) is experiencing one or more of the following circumstances:

12 (A) a merger or acquisition may cause the closing of all or a portion of a
13 Vermont business, or closure or relocation outside Vermont will cause the loss of
14 employment in Vermont;

15 (B) a prospective purchaser is considering the acquisition of an existing
16 business in Vermont;

17 (C) an existing employer in Vermont, which is a division or subsidiary of a
18 multistate or multinational company, may be closed or have its employment
19 significantly reduced; or

20 (D) is considering Vermont for relocation or expansion.

21 (e)(1) Any economic and financial resources offered by the Governor under this
22 section must be approved by the Emergency Board before an eligible business may
23 receive assistance from the Fund.

24 (2) The Board shall invite the Chair of the Senate Committee on Economic
25 Development, Housing and General Affairs and the Chair of the House Committee on
26 Commerce and Economic Development to participate in Board deliberations under
27 this section in an advisory capacity.

28 (3) The Governor or designee, shall present to the Emergency Board for its
29 approval:

30 (A) information on the company;

31 (B) the circumstances supporting the offer of economic and financial
32 resources;

33 (C) a summary of the economic activity proposed or that would be forgone;

34 (D) other State incentives and programs offered or involved;

35 (E) the economic and financial resources offered by the Governor requiring
36 use of monies from the Fund;

37 (F) employment, investment, and economic impact of Fund support on the
38 employer, including a fiscal cost-benefit analysis; and

39 (G) terms and conditions of the economic and financial resources offered,
40 including:

41 (i) the total dollar amount and form of the economic and financial
42 resources offered;

1 (ii) employment creation, employment retention, and capital investment
2 performance requirements; and

3 (iii) disallowance and recapture provisions.

4 (4) The Emergency Board shall have the authority to approve, disapprove, or
5 modify an offer of economic and financial resources in its discretion, including
6 consideration of the following:

7 (A) whether the business has presented sufficient documentation to
8 demonstrate compliance with subsection (d) of this section;

9 (B) whether the Governor has presented sufficient information to the Board
10 under subdivision (3) of this subsection;

11 (C) whether the business has received other State resources and incentives,
12 and if so, the type and amount; and

13 (D) whether the business and the Governor have made available to the
14 Board sufficient information and documentation for the Auditor of Accounts to
15 perform a performance audit of the program.

16 (f)(1) Proprietary business information and materials or other confidential
17 financial information submitted by a business to the State, or submitted by the
18 Governor to the Emergency Board, for the purpose of negotiating or approving
19 economic and financial resources under this section shall not be subject to public
20 disclosure under the State's public records law in 1 V.S.A. chapter 5, but shall be
21 available to the Joint Fiscal Office or its agent upon authorization of the Chair of the
22 Joint Fiscal Committee, and shall also be available to the Auditor of Accounts in
23 connection with the performance of duties under 32 V.S.A. § 163; provided, however,
24 that the Joint Fiscal Office or its agent, and the Auditor of Accounts, shall not
25 disclose, directly or indirectly, to any person any proprietary business or other
26 confidential information or any information which would identify a business except in
27 accordance with a judicial order or as otherwise specifically provided by law.

28 (2) Nothing in this subsection shall be construed to prohibit the publication of
29 statistical information, rulings, determinations, reports, opinions, policies, or other
30 information so long as the data are disclosed in a form that cannot identify or be
31 associated with a particular business.

32 (g) On or before January 15 of each year following a year in which economic and
33 financial resources were made available pursuant to this section, the Secretary of
34 Commerce and Community Development shall submit to the House Committees on
35 Commerce and Economic Development and on Ways and Means and to the Senate
36 Committees on Finance and on Economic Development, Housing and General Affairs
37 a report on the resources made available pursuant to this section, including:

38 (1) the name of the recipient;

39 (2) the amount and type of the resources;

40 (3) the aggregate number of jobs created or retained as a result of the
41 resources;

42 (4) a statement of costs and benefits to the State; and

43 (5) whether any offer of resources was disallowed or recaptured.

1 **Sec. G.13. REPEAL**

2 **Sec. E.100.5 of 2014 Acts and Resolves No. 179 (Vermont Enterprise Fund) is**
3 **repealed.**

4 H. Effective Dates

5 Sec. H.1. EFFECTIVE DATES

6 (a) This section and the following sections shall take effect on passage:

7 (1) Sec. A.3 (blockchain technology study);

8 (2) Sec. B.1 (Uniform Commercial Code, Article 4A);

9 (3) Secs. C.1–C.2 (Vermont Strong Scholars **and Internship Initiative**);

10 ~~(4) Sec. C.4 (youth employment working group);~~

11 (5) Sec. C.5 (Vermont Governor’s Committee on Employment of People with
12 Disabilities);

13 (6) Secs. C.6–C.8 (Vermont ABLE Savings Program);

14 (7) Sec. C.9 (Medicaid for working people with disabilities);

15 (8) Sec. C.10 (Vermont career technical education report);

16 (9) Secs. D.5–D.6 (Domestic Export Program);

17 (10) Secs. E.1–E.2 (Vermont Economic Development Authority; green
18 manufacture of microbeads);

19 (11) Sec. E.3 (extending sunset of Treasurer’s credit facility for local
20 investments and Treasurer’s local investment advisory committee);

21 (12) Sec. F.1 (deference to regional planning);

22 (13) Secs. F.2–F.4 (Southern Vermont Economic Development Zone);

23 (14) Sec. F.5 (Act 250; implementation of settlement patterns criteria; criterion
24 9(L)); and

25 (15) Sec. F.9 (certificate of public good; methane digesters).

26 (b) The following sections shall take effect on July 1, 2015:

27 (1) Sec. A.1 (business rapid response to declared State disasters);

28 (2) [Reserved.];

29 (3) Sec. C.3 (Workforce Education and Training Fund revisions);

30 ~~(4) Secs. D.1–D.4 (Tourism and marketing initiative; appropriation);~~

31 (5) Sec. E.4 (increase in license exemption for commercial lending);

32 (6) Sec. F.6 (municipal land use; neighborhood development area);

33 (7) Sec. F.7 (Act 250; primary agricultural soils);

34 (8) Sec. F.8 (conservation easements);

35 ~~(9) Sec. G.5 (employee relocation tax credit study);~~

36 ~~(10) Secs. G.6–G.7 (downpayment assistance program); and~~

37 (11) Sec. G.9 (wood products manufacturer incentive).

38 (c)(1) In Sec. A.4, in 7 V.S.A. § 2, subdivisions (27) (definition; “special events
39 permit”), (28) (definition; “fourth-class license”), and (39) (definition, “public library
40 or museum permit”) shall take effect on July 1, 2015. The remaining provisions of
41 Sec. A.4 (alcoholic beverages; definitions) shall take effect on January 1, 2016.

42 (2) Sec. A.16 shall take effect on July 1, 2015.

43 (d) Secs. A.5–A.15 (fortified wines) shall take effect on January 1, 2016.

1 (e) Secs. B.2–B.9 (Uniform Commercial Code; Article 7) shall take effect on
2 passage and shall apply as follows:

3 (1) This act shall apply to a document of title that is issued or a bailment that
4 arises on or after the effective date of this act.

5 (2) This act does not apply to a document of title that is issued or a bailment
6 that arises before the effective date of this act even if the document of title or bailment
7 would be subject to this act if the document of title had been issued or bailment had
8 arisen on or after the effective date of this act.

9 (3) This act does not apply to a right of action that has accrued before the
10 effective date of this act.

11 (4) A document of title issued or a bailment that arises before the effective date
12 of this act and the rights, obligations, and interests flowing from that document or
13 bailment are governed by any statute or other rule amended or repealed by this act as
14 if amendment or repeal had not occurred and may be terminated, completed,
15 consummated, or enforced under that statute or other rule.

16 (f)(1) Notwithstanding 1 V.S.A. § 214, other than 32 V.S.A. § 5930b(c)
17 (extension of time to meet first or second year award targets), Secs. G.1–G.4
18 (Vermont Employment Growth Incentive) shall take effect retroactively as of January
19 1, 2015;

20 (2) In Sec. G.2, 32 V.S.A. § 5930b(c)(extension of time to meet first or second
21 year award targets) shall take effect on July 1, 2015.

22 (g) Secs. G.12-G.13 (Vermont Enterprise Fund) shall take effect on July 1, 2015.

23 (h) Sec. A.2.A, A.2.B, and A.2.C (gun suppressors) shall take effect on July 2,
24 2015.